

THE PORT OF NEW YORK AUTHORITY

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Twenty Eighth **1948**
Annual Report

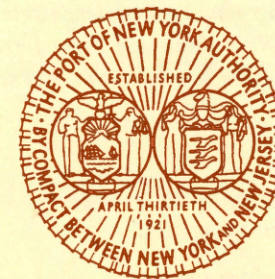
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28th
Annual Report

THE PORT OF NEW YORK AUTHORITY



FOR THE YEAR ENDED DECEMBER 31, 1948



HONORABLE THOMAS E. DEWEY
Governor of the State of New York



HONORABLE ALFRED E. DRISCOLL
Governor of the State of New Jersey

In 1921 the States of New Jersey and New York agreed in their Port Treaty that:

"A better coordination of the terminal, transportation and other facilities of commerce in, about and through the Port of New York, will result in great economies, benefiting the nation, as well as the States of New York and New Jersey;"

and the two States agreed that:

"The future development of such terminal, transportation and other facilities of commerce will require the expenditure of large sums of money and the cordial cooperation of the States of New York and New Jersey in the encouragement of the investment of capital, and in the formulation and execution of the necessary physical plans."

They decided that:

"Such result can best be accomplished through the cooperation of the two States by and through a joint or common agency."

New Jersey and New York therefore pledged:

"each to the other, faithful cooperation in the future planning and development of the Port of New York, holding in high trust for the benefit of the nation the special blessings and natural advantages thereof."

COMMISSIONERS—NEW YORK
HOWARD S. CULLMAN, Chairman
EUGENE F. MORAN
BAYARD F. POPE
S. SLOAN COLT
CHARLES S. HAMILTON, JR.
CHAS. H. SELLS



COMMISSIONERS—NEW JERSEY
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DONALD V. LOWE
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HORACE K. CORBIN
JOHN BORG

THE PORT OF NEW YORK AUTHORITY

111 Eighth Avenue at 15th Street New York 11 NY

*To the Honorable Alfred E. Driscoll, Governor, and the
Legislature of the State of New Jersey:*

*To the Honorable Thomas E. Dewey, Governor, and the
Legislature of the State of New York:*

THE plan of port development which the two States agreed to under the Treaty of 1921 directed the Port Authority to go forward with the development of the public terminal and transportation facilities of the Port District of Northern New Jersey and New York. In furtherance of that continuing plan of port development the two States gave their joint port agency "full power and authority to purchase, construct, lease and operate any terminal or transportation facility within" the Port District.

The States directed the Port Authority to proceed with the development of the Port "as rapidly as may be economically practicable." They vested their port agency with "all necessary and appropriate powers" to go forward with the States' plan of port development, except "the power to levy taxes or assessments. . . . The Port Authority shall be regarded as the municipal corporate instrumentality of the two

excellent, and enables us to continue our service to the people of the metropolitan New York and New Jersey Port District in developing for them, without tax burden, public transportation and terminal facilities, and in promoting on their behalf movement of commerce into and out of our great harbor. Traffic over our interstate facilities was the highest on record. Our railroad and waterfront terminals continued to produce satisfactory net returns. At the end of the year we were demolishing structures on our Bus Terminal site, preparatory to breaking ground for the structure, and our Newark and New York Union Motor Truck Terminals were well on the way toward completion.

Respectfully submitted,

Samuel J. Freeman

Eugene J. Moran

Raymond F. Pope

Howland

Charles S. Hamilton, Jr.

Chas. W. Allen

Samuel J. Freeman

Frank L. Abell

Donald T. Long

F. Palmer Armstrong

Horace Clarke

John B. Berg

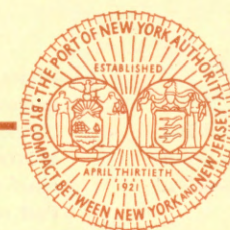
April 15, 1949 — New York, N. Y.

THE PORT OF NEW YORK AUTHORITY

28th Annual Report

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PORT AUTHORITY FACILITIES



GEORGE WASHINGTON BRIDGE

Second longest suspension bridge, spans the Hudson River between 178th Street, New York, and Fort Lee, New Jersey.



LINCOLN TUNNEL

Under the Hudson River between midtown Manhattan and Weehawken, New Jersey. A dual-tube, four-lane vehicular crossing.



OUTERBRIDGE CROSSING

Over Arthur Kill between Perth Amboy, New Jersey, and Tottenville, Staten Island. Named in honor of E. H. Outerbridge, first Port Authority Chairman.



HOLLAND TUNNEL

Between Canal Street, New York, and Jersey City. The first roadway link between New York and New Jersey opened in 1927.



BAYONNE BRIDGE

Longest steel arch bridge, connects Bayonne, N. J. and Port Richmond, S. I. Arch span is 1,675 feet over water.



LA GUARDIA AIRPORT

One of the busiest air terminals in the world. Used in 1948 by more than two and one-half million passengers and over a million Observation Deck visitors.



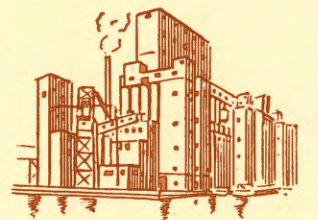
GOETHALS BRIDGE

Between Elizabeth, N. J. and Howland Hook, S. I. Named in honor of builder of the Panama Canal, who was first Port Authority Consulting Engineer.



NEW YORK INTERNATIONAL AIRPORT

Largest in the world, covers 4,900 acres or the equivalent of one-third of Manhattan. Seven great runways total more than ten miles in length.



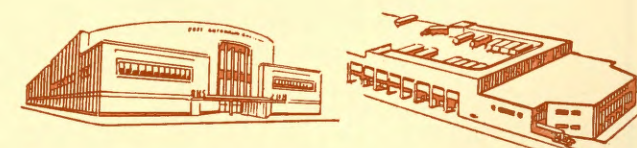
PORT AUTHORITY GRAIN TERMINAL

On Gowanus Bay, Brooklyn. Adjacent is Columbia Street Pier for general cargo ocean vessels.



NEWARK AIRPORT & PORT NEWARK

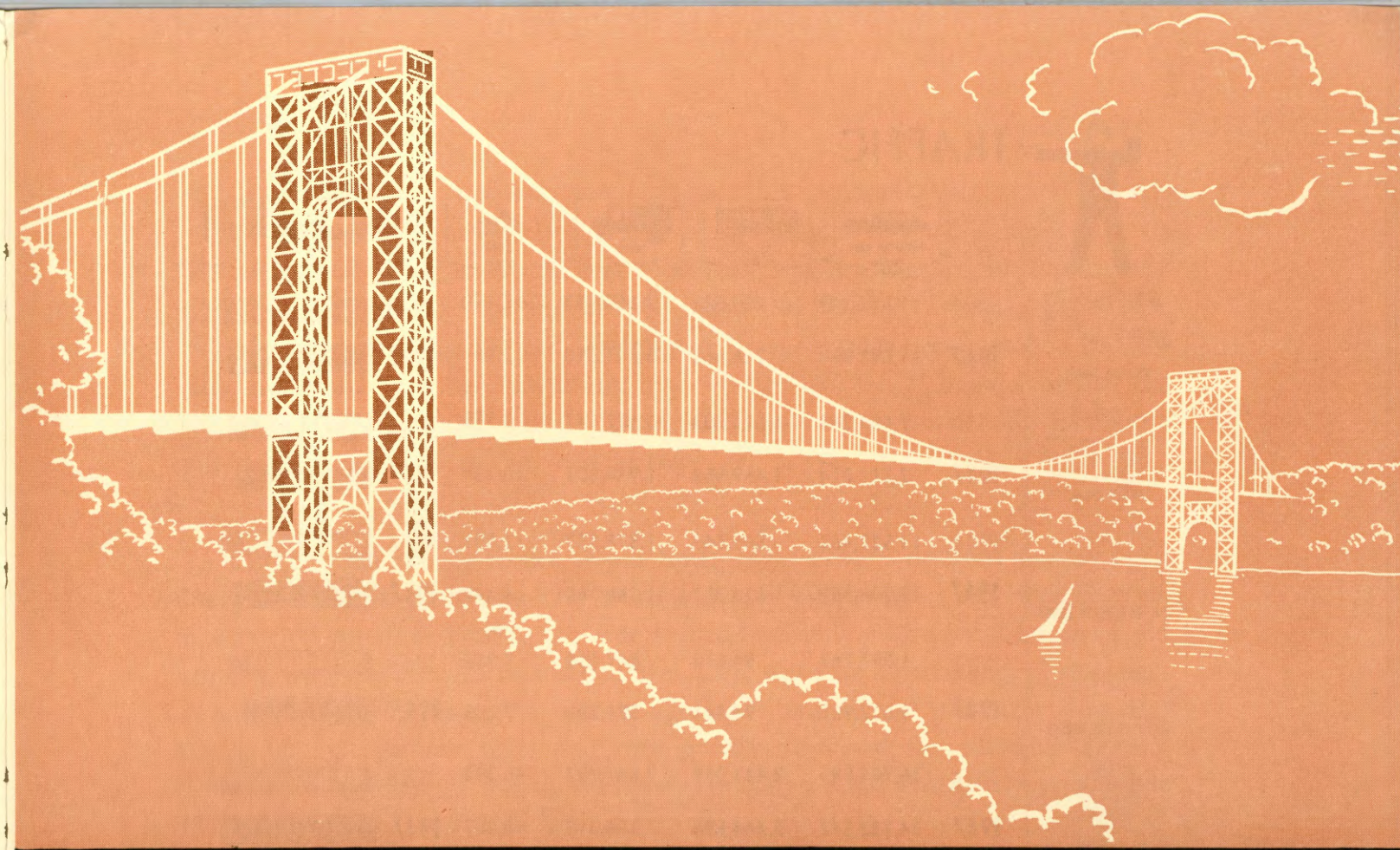
One of the pioneer public air terminals of the country, and a municipally-built marine terminal for ocean going-vessels.



UNION RAILROAD FREIGHT TERMINAL

In the Port Authority Building, Eighth Avenue at Fifteenth Street. A "post office" for less-carload rail freight.

Under construction: PORT AUTHORITY BUS TERMINAL in midtown Manhattan, largest in the world; NEW YORK UNION MOTOR TRUCK TERMINAL and NEWARK UNION MOTOR TRUCK TERMINAL, two largest in the world . . . for relief of bus and truck traffic and shipping economy in the Port of New York District.



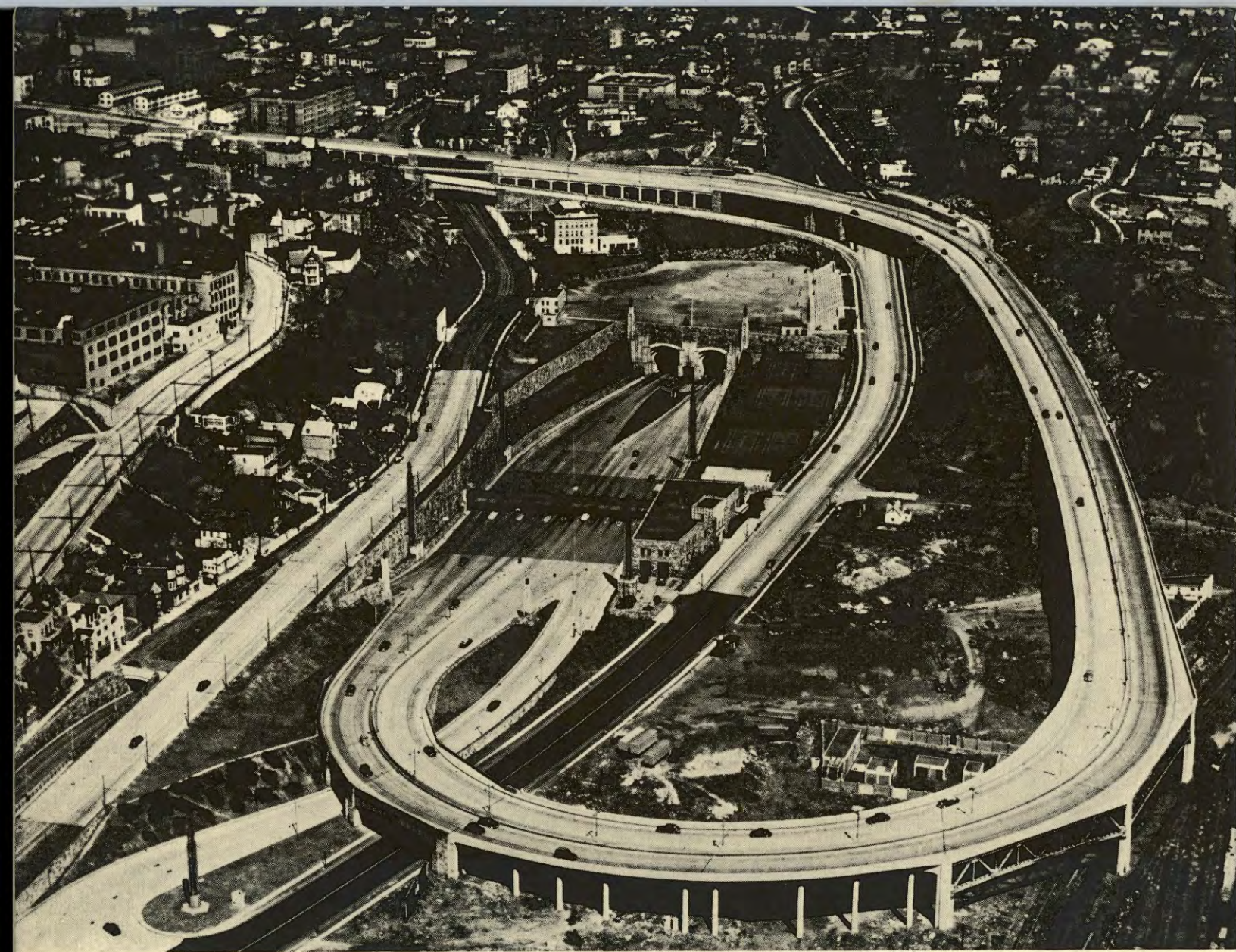
BRIDGES AND TUNNELS

Port Authority Bridges and Tunnels Handle Their Greatest Volume of Traffic

In 1948 the six Port Authority vehicular crossings handled the highest traffic volume in their history, a total of 47,041,975 vehicles. Despite the unusually severe weather in January 1948, resulting in a decrease of 851,000 vehicles under January 1947, the 1948 traffic volume topped the 1947 figure by 2,563,925, or about 6 per cent.

Comparative traffic figures by facility follow:

	1948 (000 omitted)	1947	Increase	% Increase
Holland Tunnel	15,600	15,463	137	1
Lincoln Tunnel	11,121	10,635	486	5
George Washington Bridge.....	15,484	14,074	1,410	10
Bayonne Bridge	1,918	1,745	173	10
Goethals Bridge	1,568	1,442	126	9
Outerbridge Crossing	1,351	1,119	232	21
Total.....	47,042	44,478	2,564	6



SPIRALING DOWN from the high Palisades, the New Jersey viaduct approach to Lincoln Tunnel portals (center) provides an expressway link between main cross-country and north-south arteries and the tunnel to Manhattan. Only such efficient and functional approach systems can assure the full public benefit of a tunnel or bridge, though they must be built at heavy additional costs. More than \$63,000,000 has been spent by the Port Authority on bridge and tunnel approaches in New Jersey and New York. Additional approaches under construction on both sides of the Hudson will cost over \$10,000,000.

ELIMINATING A BOTTLENECK at the Jersey City exit from the Holland Tunnel. This 2,000-foot-long new Holland Tunnel Exit Viaduct over Erie Railroad tracks to the Pulaski Skyway connection (at top) will eliminate congestion on existing viaduct at left. Heavy Jersey-bound traffic from the Holland Tunnel exit along Fourteenth Street must now make a sharp left turn on Jersey Avenue, then a sharp right to a viaduct carrying two-way traffic. The new Port Authority Exit Viaduct, begun in late 1948, will allow separate streams of one-way traffic with no turns, greatly lessening week-end traffic jams.

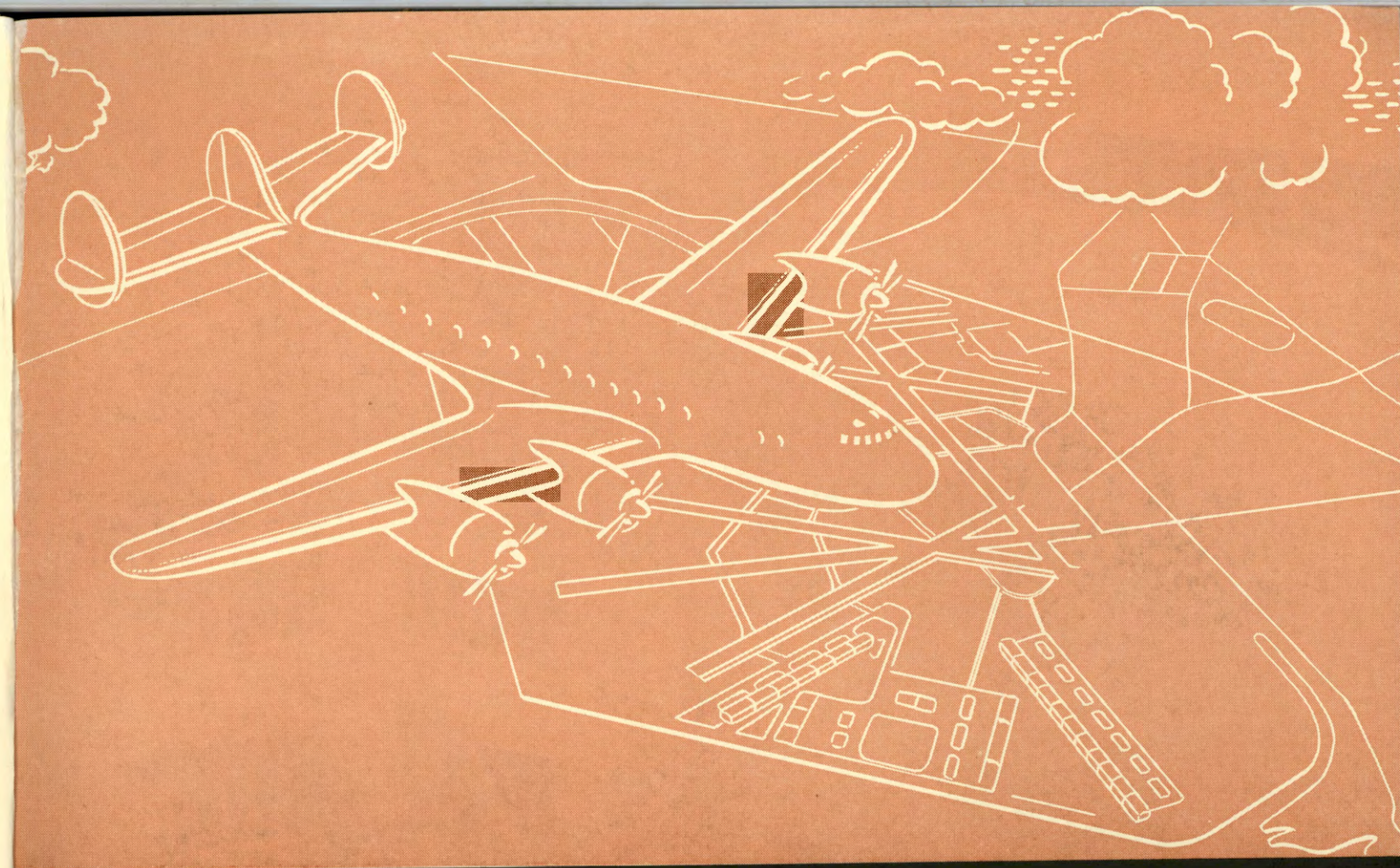


We continued our efforts to help solve the traffic problem at the Manhattan plaza of the Holland Tunnel, and we met with representatives of the President of the Borough of Manhattan and the City Construction Coordinator on plans for connections to any future Lower Manhattan Crosstown Expressway.

Bids were received late in December for construction of the 179th Street Tunnel approach to the George Washington Bridge. Construction of this underground approach, which will parallel the existing 178th Street Tunnel, will begin with the arrival of spring weather in 1949. When completed, this new traffic artery will furnish a two-lane one-way connection with the proposed Cross-Bronx Expressway, a direct route between the George Washington Bridge and New England.

Highway Planning

We continued our liaison with the highway agencies of New York and New Jersey, as well as with such agencies of counties and municipalities within the Port District. The highway program for the State of New Jersey was reviewed with the State road officials to coordinate their plans with the connections to Port Authority bridges, tunnels and terminal facilities. We were in communication with the Public Roads Administration in Washington to assure the coordination of its plans for highway arteries as they might affect Port Authority facilities. Close contact was maintained with the office of the City Construction Coordinator and the Borough President's Office on such highway projects as the Lower Manhattan Crosstown Expressway, the Highbridge Park connections to the Port Authority's 178th and 179th Street Tunnels, and arteries adjacent to other Port Authority terminal facilities.



AIRPORTS

During 1948 the States of New York and New Jersey achieved their joint objective of establishing a regional network of airports in the metropolitan New York-New Jersey area. Acting through the Port Authority as their agent for the development of the terminal facilities of the Port, the two States took up the work, so courageously started and carried forward by the City of New York, of completing New York International Airport, and opened that airport for operations in July 1948. Responsibility for the operation of Newark Airport had been turned over to the two States in March. In August the contract for bistate acquisition of Teterboro Airport opened the way for completion of the regional airport network. Port Authority operation of La Guardia Airport was commenced in June 1947.

The policy of the two States, taking the leadership in this country in the regional development of their airport facilities, had been established by joint action of the two legislatures in 1947, approved by Governors Driscoll and Dewey, amending the Port Compact of 1921 and directing the Port Authority to carry out their program of regional airport development in Northern New Jersey in the New York metropolitan



region. The treaty amendments (Chapter 43 of the Laws of New Jersey 1947, and Chapter 802 of the Laws of New York 1947),

“declare and agree that each air terminal within the Port of New York District serves the entire district, and that the problem of furnishing proper and adequate air terminal facilities within the district is a regional and interstate problem, and that it is and shall be the policy of the two states to encourage the integration of such air terminals so far as practicable in a unified system.

“Accordingly, in furtherance of said policy and in partial effectuation of the Comprehensive Plan, hitherto adopted by the two States for the development of terminal and transportation facilities in the Port of New York District, the States of New Jersey and New York agree that the Port of New York Authority . . . shall be authorized to effectuate, establish, acquire, construct, rehabilitate, improve, maintain and operate air terminals . . . within the Port of New York District. . . .

“The effectuation, establishment, acquisition, construction, rehabilitation, improvement, maintenance and operation of air terminals by the Port Authority is and will be in all respects for the benefit of the people of the States of New York and New Jersey, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions; and the Port Authority shall be regarded as performing an essential governmental function in undertaking the . . . construction, rehabilitation . . . or operation thereof, and in carrying out the provisions of law relating thereto.”

During this first year of bistate operation the Port Authority made satisfactory progress in the improvement of La Guardia Airport, the opening and continued development of New York International Airport, and in final studies and planning for the future of Newark Airport, pending the commencement of our redevelopment program there.

Construction contracts awarded at the three airports during the year totaled some \$12,659,780.

Acquisition of the 500-acre Teterboro Airport by the Port Authority will assure the full regional development of a system of major commercial airports adequate to handle the future air traffic of the metropolitan district. We expect to acquire title to that airport, for which we agreed to pay \$3,115,000, on April 1, 1949.

NEW CONTROL TOWER at Teterboro Airport. On August 12, 1948 the Port Authority contracted to purchase the 500-acre Bergen County airport for \$3,115,000, to permit full regional development of major airports adequate to handle future air traffic needs of the New Jersey-New York Port District. Construction of a new control tower, one of the best in the country, and operation by the CAA early in 1949 of an instrument runway at Teterboro, will greatly improve aircraft flight conditions in the Port area. The Port Authority will complete final purchase of the airport in April 1949.

On July 6, 1948 the Port Authority sold its first issue of Air Terminal Bonds. They consisted of \$30,000,000 of 30-year term bonds bearing a 3 per cent coupon, and were purchased by The Prudential Life Insurance Company of America, The Northwestern Mutual Life Insurance Company, and The Mutual Life Insurance Company of New York.

Gross operating revenues for the three airports totaled \$2,463,426, with La Guardia and New York International Airports accounting for \$2,063,569 and Newark Airport, \$399,857. The net operating loss for this first year of the development period totaled \$732,073, with La Guardia and New York International accounting for \$436,312 and Newark \$295,761.

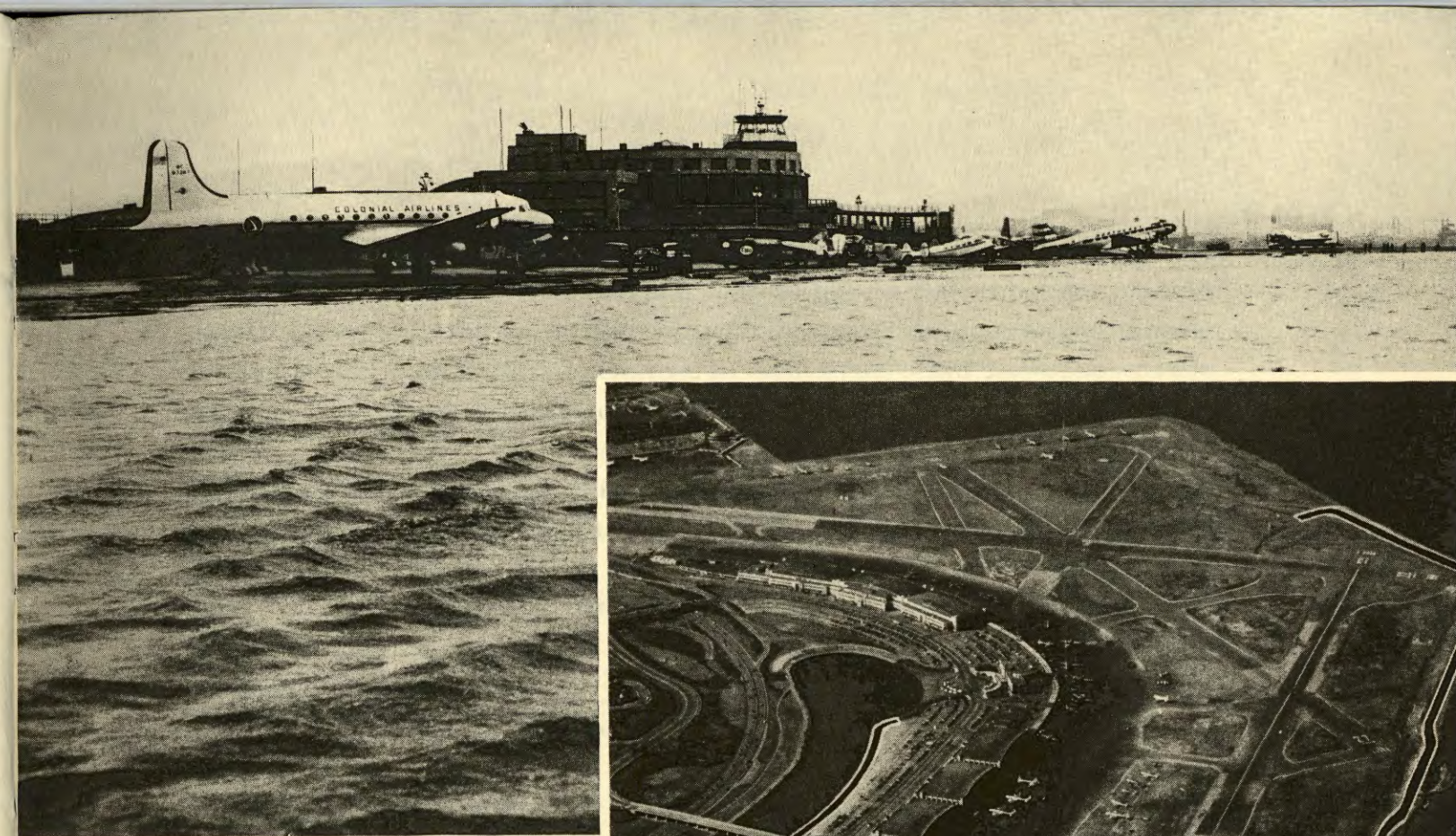
Our 1949 budget provides for a total expenditure of \$39,108,900 for the continuance of the bistate program of construction and rehabilitation of the metropolitan airports. Of this amount, \$5,475,000 has been budgeted for La Guardia Airport, \$21,233,500 for New York International Airport, and \$12,400,400 for Newark Airport.

During the year we received tentative allocations of Federal aid in the amount of \$3,650,000. Of this amount \$726,386 was for La Guardia Airport, \$1,723,614 for New York International Airport, and \$1,200,000 for Newark Airport. By the end of the year, grant agreements executed totaled \$901,386, applications pending with the Civil Aeronautics Administration totaled \$1,375,000, and applications were being prepared for the remaining \$1,373,614.

LA GUARDIA AIRPORT

For the first time in four years, the combination of a northeast wind and a high tide, which occurred in early October, did not flood La Guardia Airport. The tidal flood was held back by the new \$1,500,000 dike, one of the first phases of the Port Authority's subsoil stabilization program at the airport. The two-mile dike is twenty-eight feet wide, and at some points as high as six feet.

A heavily traveled airport service road at La Guardia, which crossed Eighty-fifth Street immediately adjacent to the end of Runway 4-22, was closed during the year. Since the opening of the airport, there had been occasions when planes landing on this runway had hit a police booth formerly located at that point, broken out sections of the four-foot hedge which borders the road, and struck a station wagon which was driving along the service road. To eliminate this critical hazard, we spent \$50,000 for the construction of a by-pass road which was completed in June.



ABOVE: Flood waters lapping the La Guardia loading apron on October 30, 1947, before the construction of marginal dike. At right: Outline of the new marginal dike encircling the eastern half of La Guardia Airport.

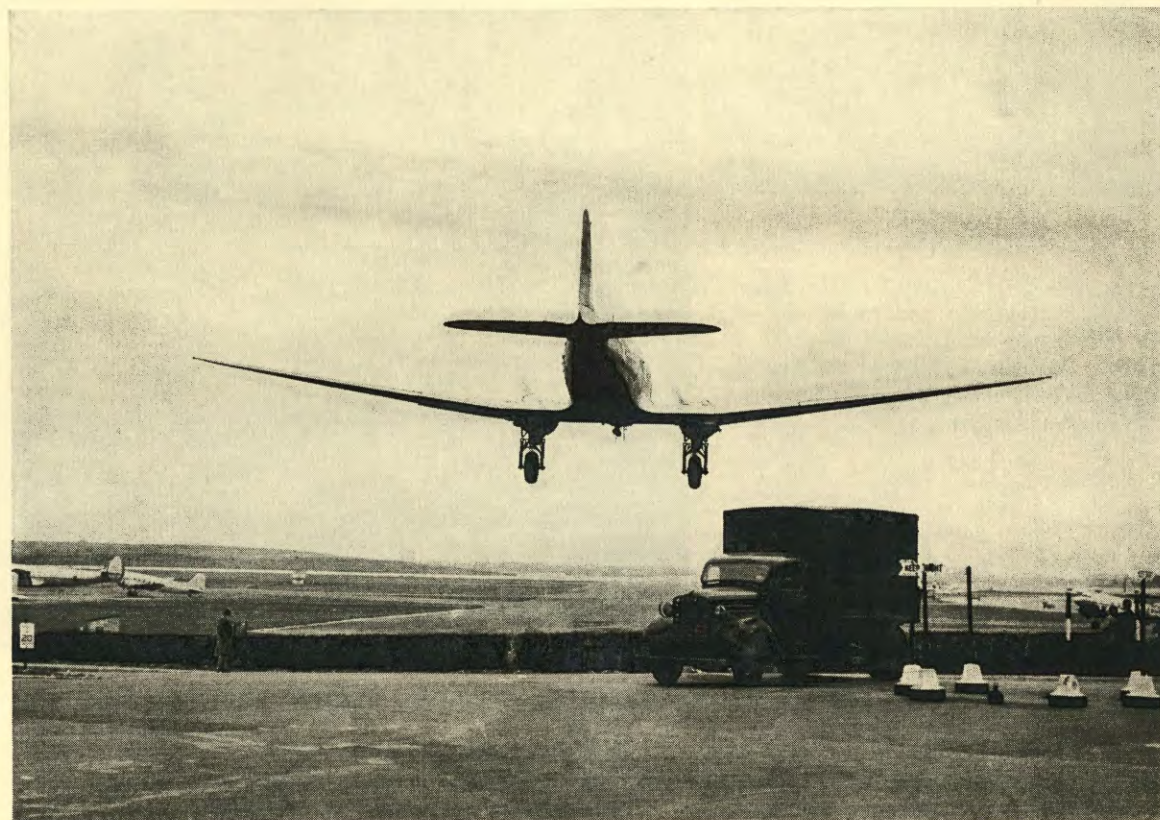


SEASONAL FLOODING OF La Guardia Airport was ended in 1948 by Port Authority construction of a \$1,000,000 marginal dike around the airport. The unstable silt subsurface on which the airport was built in 1937-39 has progressively settled to the point where abnormal seasonal high tides for four years had periodically flooded portions of the runway and apron system. The last such flood, besides jeopardizing parked planes whose landing gear is vulnerable to corrosive salt water, at the same time deposited tons of debris on runways and apron, which had to be removed when waters subsided. A more serious flooding was prevented last fall by completion of the 2½-mile dike indicated in the air view above. Built in combination with 1,200 sand drains whose capillary wick action rapidly drains and consolidates the underlying silt, the new dike will prevent future flooding and serve to check further settlement. An inshore drainage ditch along the length of the dike with an automatic sump pump system will be completed in early 1949 to assure efficient surface drainage of the flood-fortified airport.

At the request of the airlines their gasoline truck tenders are being permitted to continue using this road. They have assured us that they will proceed diligently with other arrangements to do away with the passage of these trucks through the dangerous air and surface traffic intersection. In the meantime, the airlines are reimbursing us for the cost of maintaining two traffic officers to assure safe passage of the gasoline tank trucks and the planes.

We restored to grade and repaved the apron area in front of Hangars 2, 4, 6, and 8, repaired Runways 4-22 and 13-31 and improved the night landing lighting system at a total cost of more than half a million dollars.

The Domestic Terminal Building was stabilized by careful jacking. A painting



DANGEROUS INTERSECTION at La Guardia Airport, which was eliminated by Port Authority construction of a \$50,000 by-pass road. Known for several years as "Death Corner" and the scene of many a near miss as well as a few grazing accidents, this once heavily traveled intersection lies just a few feet away from the southwest end of La Guardia's important instrument runway. Low-flying planes in the past have struck a station wagon and police stanchions, and have even demolished a bus shelter. Re-routing of vehicular and pedestrian traffic over the new by-pass has eliminated this eight-year-old hazard.

program greatly improved the appearance of all public areas in the Domestic Terminal Building. More than \$75,000 was spent to convert the old National Airlines Building into Port Authority maintenance shops and an equipment storage garage. Eight new pieces of operating and maintenance equipment were placed in service at a cost of \$82,000. A new parking lot and a new taxi waiting line were established at the International Terminal Building.

The transfer of eight overseas airlines to New York International Airport made possible a series of constructive space changes in both hangar and terminal buildings. Trans World Airways (TWA) was able to transfer its turn-around maintenance operation for its international fleet from Newcastle, Delaware, to La Guardia. The Bureau of Entomology and Plant Quarantine and the Bureau of Animal Industry transferred from the Domestic Terminal Building to the temporary quarters west of the International Building. Better quarters were furnished the American Express Company.

When a foreign flag overseas line vacated the old Empire Airlines hangar, we purchased the building for joint cargo and maintenance operation of Northwest, Northeast and Capital Airlines. This arrangement permitted rental to the Post Office Department of the entire Air Transport Command Building in which it can accommodate its new air parcel post service. Various similar changes in occupancy were made during the year.

In July the Port Authority assumed responsibility in the International Terminal area for providing, operating, and maintaining space for Federal inspection agencies. Users of this space will reimburse the Port Authority for costs of this operation. Formerly, one of the airlines operating at the International Terminal Building assumed this responsibility, and charged the users for the service.

New Concession Revenues Are Developed

At La Guardia Airport in 1948 our consumer concession revenues amounted to \$438,290, as compared with an estimated \$358,265 for 1947. It is interesting to note that almost 60 per cent of this increase in concession revenues was derived from new businesses established at the airport in 1948. A large part of the balance of the increase resulted from the renegotiation of agreements with concessionaires previously at the airport.

The remodeling and modernization of the lower rotunda floor of the Domestic Terminal Building made possible the development of new businesses, including a

NON-FLIGHT REVENUES, eventually to provide between sixty and seventy per cent of the total revenues at Port Authority air terminals, were intensely developed during 1948 by installation of new concessions, re-location and modernization of others. Pictured here are a variety of such activities. Below: watching the planes from the Observation Deck at New York International, where coin-operated Viewing Binocular and a Public Address Announcement Program on week ends add to visitors' enjoyment; a newly installed florist shop at La Guardia; the dining room of the Dobbs House Restaurant at New York International. Opposite page: the famed Aviation Terrace Restaurant at La Guardia where diners have a superb view of plane activity on the runways and loading apron. Center: a bookstore at La Guardia; a branch jewelry shop at La Guardia maintained by an internationally known Fifth Avenue firm. Below: branch shop of a well-known men's haberdashery at La Guardia; vending machines at Newark Airport dispensing candy and nylons.



bookshop, gift shop, camera shop, soda fountain, airport guided tours, airport reservation service, and employees' cafeteria. In this area alone our revenues totaled \$60,000 in 1948, as compared with \$19,500 in 1947.

Automobile parking lot revenues during 1948 totaled \$93,356. This compares with \$63,020 for 1947, of which the sum of \$4,140 represents revenue for the first six months of the year under New York City operation.

For the first time, restaurant service was available at the International Terminal Building through a "flight bar" built by the Port Authority. This service furnished wholesome, quick-order food for passengers and employees, and at the same time produced \$14,000 in revenues in the nine months of its operation in 1948. Over a million airport visitors enjoyed our Observation Deck at La Guardia during the year. With our public announcement system giving a play-by-play description of airport activity, the deck promenade was once again a popular gathering place for New Yorkers, as well as out-of-town visitors.

La Guardia Airport Awarded National Aeronautic Association's 1948 "Good Airport Operating Certificate"

La Guardia Airport, which during 1948 met the standards set by the National Aeronautic Association for runway adequacy, competency of personnel, and adherence to safety standards, was awarded the Association's "Good Airport Operating Certificate" for the year.

It is significant to note that the award was made to the world's busiest airport during a period when it handled more than 145,000 plane movements, nearly 2,750,000 passengers, and more than 46,000 tons of cargo.

NEWARK AIRPORT

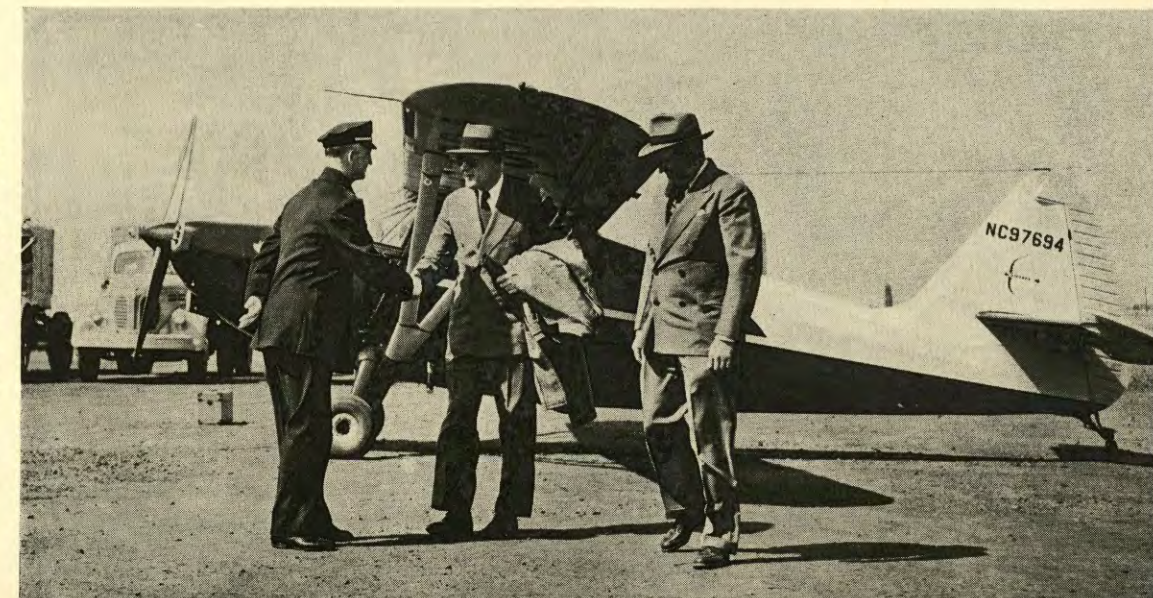
Since assuming responsibility for Newark Airport in March, we have been engaged in the planning essential to a sound, long-range program for its complete redevelopment into a greatly expanded and improved airport. These activities may be grouped into three general categories:

1. Handling immediate problems and negotiations.
2. Promoting maximum utilization of the present facilities at the airport for an intermediate period prior to the completion of new permanent facilities.
3. Planning for the permanent expansion and reconstruction of the airport.



GOVERNOR ALFRED E. DRISCOLL of New Jersey, acclaimed at a luncheon of the Newark Chamber of Commerce March 31, 1948, celebrating the Port Authority's assumption of responsibility under a fifty-year lease of Newark Airport and Port Newark. At left, facing His Excellency, is Port Authority Vice Chairman Joseph M. Byrne, Jr. At right: Lieutenant-Governor of New York Joe R. Hanley and Mayor Vincent J. Murphy of Newark. Back row, left to right: Lloyd Felmly, "Newark Evening News" Managing Editor; Newark City Commissioner John A. Brady; Port Authority Commissioners Eugene F. Moran and Frank D. Abell; Newark City Commissioner John B. Keenan; Port Authority Commissioner Donald V. Lowe; E. W. Wollmuth, Newark Chamber of Commerce, and Port Authority Executive Director, Austin J. Tobin.

PORT AUTHORITY COMMISSIONER Donald V. Lowe arriving at Newark Airport via his Stinson Voyager to attend Newark Chamber of Commerce Reception and Luncheon. Greeting him are Newark Airport Security Chief, Lt. James E. Kelly of the Port Authority Police Force, and, at right, Hervey F. Law, General Superintendent of Airports.





We awarded contracts totaling \$131,455 for capital improvements, and expended about \$73,380 of this amount by the end of the year. These capital expenditures were made for repairs to runways and aprons; for borings to determine subsoil conditions; for engineering design and construction work; and for new automotive emergency and maintenance equipment. In addition, in accordance with the terms of our lease with the City of Newark, we reimbursed the City in the amount of \$107,423 for rehabilitation of runways. This work was completed in 1948.

The Civil Aeronautics Administration has tentatively allocated \$1,200,000 for Federal Aid at Newark Airport during the fiscal year ending June 30, 1949.

The so-called Butler Hangar at Newark Airport was released to the Port Authority by the trustee of the Air Cargo Transport Corporation, a nonscheduled carrier, which went into bankruptcy early in the summer. The Port Authority has rented the hangar to the Newark Air Service, and we are at present rehabilitating the structure.

We have rehabilitated the so-called Army Air Freight Terminal at the airport so that it may be used as an air cargo center. By the end of the year, 80 per cent of the space in this building had been rented. Arrangements were completed under which the Post Office Department will establish a substation in the lobby of the Newark Airport Terminal Building. We are negotiating with the Post Office Department for a lease under which the building now being used to handle and distribute air mail will be rented directly to the Department, effective in February 1949.

At the close of the year there was pending with the Newark City Commission a request that the southerly portion of Port Street and a small strip along its northerly border be included within the airport premises. This land is needed for the Port Authority's program for the expansion of the plane loading gates and vehicular service areas around the present Administration Building, in order to handle traffic during the interim period while we will be constructing a permanent terminal. Favorable action by the Newark Board of Commissioners will permit us to expand the present terminal operation and to increase the number of loading gates.

We have also been negotiating with the National Guard for its evacuation of the

DEEPLY PROBING the subsurface of Newark Airport to determine the maximum capacity of runway system that it can support. More than 130 borings, some of them down to 100 feet in depth, were made by drilling crews, with special samples of soil taken at five-foot intervals. The samples, analyzed and tested in the Port Authority Soils Laboratory, are providing data for a complete geologic profile of the undersurface of the airport. Special "undisturbed" samples of the soil extracted at various depths are tested by precise laboratory instruments for consolidation, moisture content, permeability, shear, and other characteristics.

airport on or about the time the Air Force leaves, which will be March 22, 1950. The National Guard occupies three and a half acres in the northeast section of the airport adjacent to quarters of the Army Air Force Reserve. The hangar and other buildings occupied by these military flyers are squarely in the way of one of the new dual runways which must be built to make Newark Airport a major transportation terminal. Under the agreement with the Army Air Force the Reserve will vacate its premises in 1950, but the National Guard lease has twenty years to run. Numerous conferences were held with the officials of the National Guard during 1948, but no solution was reached on this important subject.

Throughout the year, we have gone forward with the clearance of titles in the airport area and the acquisition of land to which the City did not have title.

To promote further the development of Newark Airport as a center for non-scheduled and contract carriers and for corporation aircraft, as well as for scheduled airlines, we reduced flight fees for itinerant aircraft on December 1 by 50 per cent.

A long-range problem which seriously affects the development of more flight schedules at Newark Airport is the tough problem of maintaining swift ground transportation between the airport and New York. Seventy-five per cent of the passengers using Newark Airport originate at or are destined for New York City. A Port Authority study in 1946 revealed that the highway travel time from the West Side of Manhattan was substantially less than to La Guardia Airport and New York International Airport. It was estimated that with the completion of the new Trans-Meadow Highway (Route 100) at least sixteen minutes of ground travel time would be saved between the West Side of Manhattan and Newark Airport, as compared with La Guardia Airport.

The growing congestion at Tonnele Avenue and Pulaski Skyway, particularly during morning and evening peak hours, however, has resulted in serious delays in making connections between Manhattan and Newark Airport. As a result some scheduled plane departures, depending primarily on Manhattan passengers, have been switched by the Airlines to the New York side. The dualization of Route 25 between the airport and the Passaic River will help considerably, but the only ultimate solution is the completion of the Trans-Meadows section of Route 100.

Concessions

Pending the availability of adequate and efficient space for airport revenue development, we have renegotiated several of the permits of existing concessionaires

and have installed a variety of vending machines in the terminal building. A small pay parking lot has been established. We have interviewed more than a hundred prospective concessionaires in connection with our future airport revenue plans.

Airport Development Plans

In our lease with the City of Newark we agreed to develop and expand Newark Airport as a first-class air terminal, provided subsurface tests indicated that runways with a service life of twenty-five years for use by transport planes of 125,000 to 150,000 pounds gross weight could be efficiently and effectively installed and maintained.

We have been working on a master plan for the expansion of the terminal area, and plans are being developed for a dual runway system with runways of from 6,400 feet to about 9,000 feet in length, having a peak hour traffic capacity of 120 plane movements. Plans are also being drawn for terminal, hangar and other facilities. We have met with representatives of the City of Elizabeth and the New Jersey State Highway Department regarding highway, water, sewer, and rail access problems. It is planned to extend the airport to include 800 acres of Elizabeth meadowland.



NEW YORK INTERNATIONAL AIRPORT

After five years of construction by the City of New York, and an added year by the Port Authority, New York International Airport at Idlewild, Queens, was opened for business on July 1, 1948. The first air carrier to execute agreement for use of New York International Airport was Air France. That agreement was signed on June 11 by Chairman Howard S. Cullman on behalf of the Port Authority, and by M. Henri J. Lesieur, North American manager for the world-wide French airline. Following various tests and service flights, the first scheduled airline flight was made into the airport on July 9, 1948 by Peruvian Airlines. A few days later on July 14, Bastille Day, Air France began its regular transatlantic service from the great new airport.

Within the following several weeks, all of the foreign flag overseas airlines, with the exception of the British Overseas Aircraft Corporation, were operating regularly scheduled flights to and from the airport. BOAC was the only foreign flag line which refused to cooperate in the opening of New York International, and it has insisted on maintaining its operations in the crowded building at La Guardia.

The lines which made the new facilities of the greatest airport in the world available to their passengers included Air France; F.A.M.A., the Argentine Air Line; L. A. V., the Venezuelan Air Line; Peruvian International Airways; KLM, the Royal Dutch Airlines; the Scandinavian Airlines System; and Sabena, the Belgian Air Line. National Airlines, a scheduled domestic carrier, and Seaboard and Western, a nonscheduled cargo carrier, also signed up to operate at New York International. Two aircraft maintenance corporations occupy Hangar 1, and arrangements have been made with two companies for ramp service.

With the signing of these leases and permits, all counter, office, cargo and hangar space was rented, except for some small areas which were held in reserve. Additional facilities were planned for immediate construction to handle the American flag overseas air lines.

On July 31, in cooperation with the Mayor's Committee for the commemoration of the Golden Anniversary of the City of New York, the great new airport was dedicated by President Truman, Governor Dewey, Mayor O'Dwyer and Chairman Cullman. Governor Driscoll was unable to attend because of illness. Members of the Cabinet and other prominent public officials and Port Authority Commissioners also participated in the dedication ceremonies. The United States Air Force, the Navy

Air Force, the Royal Navy and the Royal Air Force staged a spectacular nine-day display of our peacetime air might in the greatest air show ever held. It was estimated that 215,000 people attended the opening day's ceremonies, and that the total attendance at the exposition was 754,000.

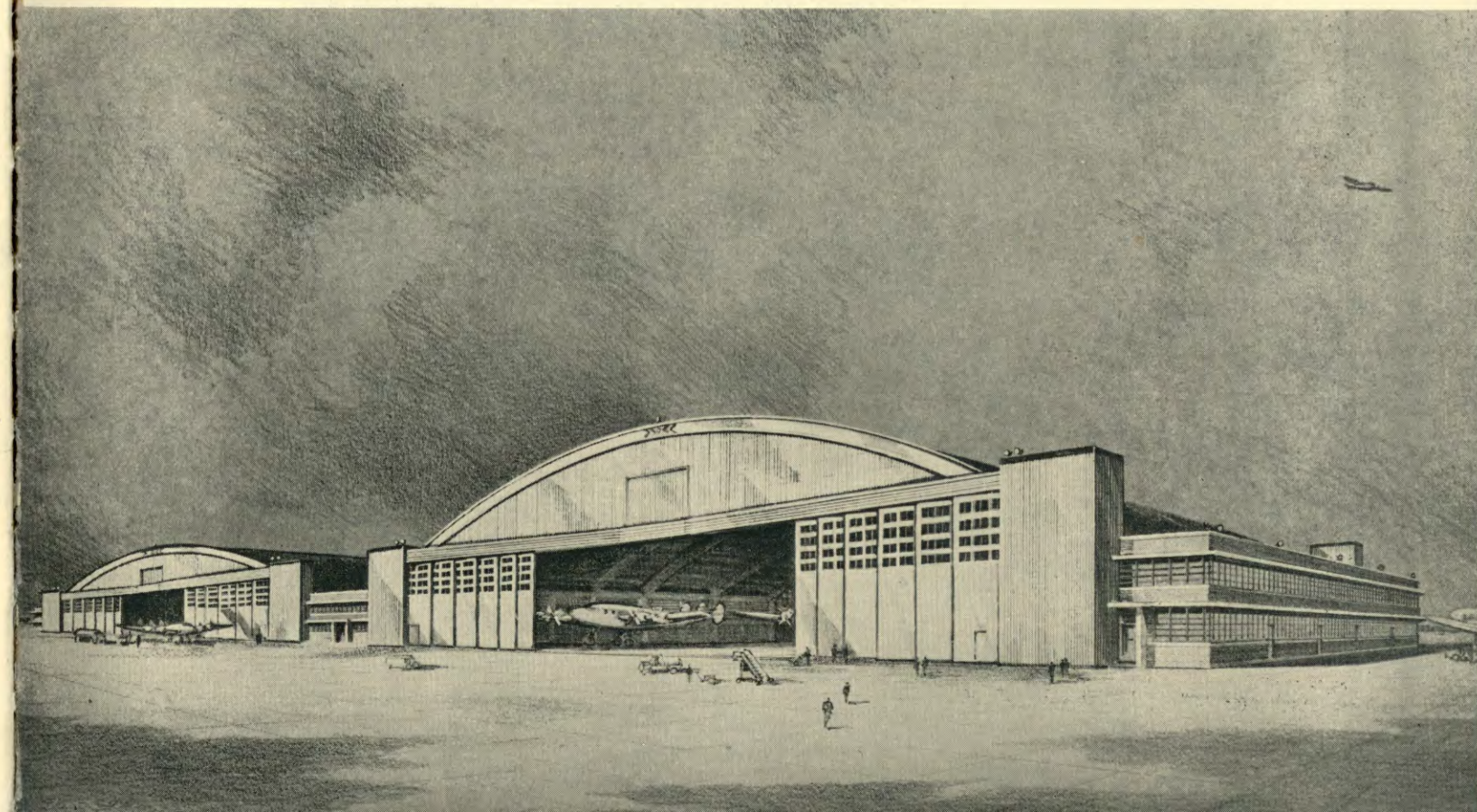
Significant Construction Progress Made at the New Airport

About \$17,000,000 was committed or appropriated for the construction and development of New York International Airport during the past year.

The original interim terminal building was expanded from 17,000 square feet to 40,090 square feet; an additional 12,830 square feet of space were provided for the Federal inspection services; a 39,200-square-foot cargo building was erected; an operations building and an emergency garage for fire fighting equipment and police headquarters were provided; the airport control tower was completely renovated and new radio and control circuits installed.

A 2,000-car paved parking lot was established adjacent to the terminal building; the entire terminal area was landscaped; and a temporary entrance road and vehicular access areas were completed.

NEW HANGAR construction at New York International Airport was initiated in late 1948 with a call for contractors' bids. These two of the world's largest steel-arch hangars, together with a third not shown, will be completed in early 1950, each one able to accommodate four of the giant Boeing Stratocruisers. With alterations, the existing two City-built hangars at the airport will accommodate two Stratocruisers each.





MEMORABLE DAY at New York International Airport, July 31, 1948, at the formal dedication by the President of the United States of the world's greatest airport. More than 215,000 people attended the dedication. President Harry S. Truman is greeted after his arrival via Presidential plane, "The Independence," by Governor Thomas E. Dewey of New York and, in background, by hosts Chairman Howard S. Cullman and Mayor William O'Dwyer.



ABOVE, Chairman Howard S. Cullman and Commissioner Bayard F. Pope discuss the airport with high military officials. Below, Commissioner Charles S. Hamilton, Jr. welcomes Governor Thomas E. Dewey.



We completed the construction of the new 8,000-foot Runway V, the seventh runway at the airport, extended the length of Runway D from 6,000 to 9,500 feet and completed connecting taxiways to Runways D, E and F. The construction of Runway V was necessary in order to have an instrument runway at the new airport which would run parallel with, rather than intersect, the instrument runway at La Guardia Airport. As originally laid out the instrument runways at the two airports had intersected at a point roughly over Sandy Hook, a pattern which would have cut down the instrument capacity of the two airports by about 50 per cent.

The Thurston sewer extension, to carry storm water from the north central portion of the airport into the Thurston basin, was nearing completion at the end of the year.

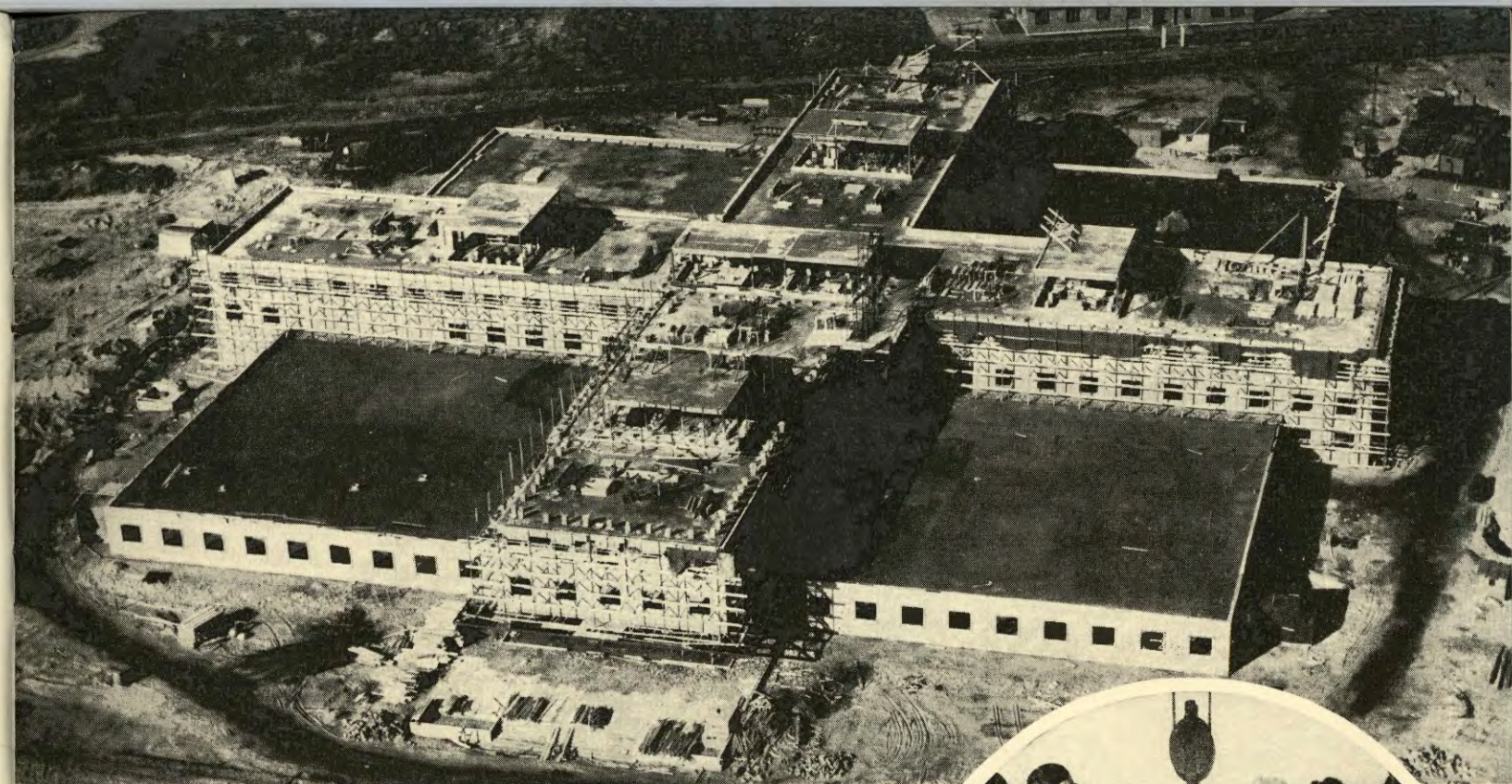
In order to provide an efficient and economical method of handling gasoline at the airport, a 600,000-gallon gasoline tank farm to be serviced by barges entering the westerly Bergen Basin was established. Part of the tank farm was placed in operation temporarily for reserve storage, pending arrangements for its complete operation by a service company. Plans have been completed for a 50,000-gallon bulk lubricating oil storage facility adjoining the tank farm.

A great underpass, the first in the world over which planes may taxi, was opened in November. A part of the main roadway entrance to the terminal area of the airport, this mile-and-a-half concrete road which extends from the airport terminal area to Sunrise Highway, Southern Parkway and 140th Street is an extension of the Van Wyck Expressway, scheduled for completion in 1950. The underpass was built to withstand pressures from below sea level and to support two bridges, each capable of handling 300,000-pound planes.

We completed design plans for the construction of two 300-foot-span hangars to augment the two hangars built by the City of New York. With their completion early in 1950, we will be ready to handle American flag overseas lines at New York International Airport.

One of the two existing hangars is occupied by two aircraft maintenance contractors; services are available to any carrier at published rates and under contract. The other hangar is shared by four certificated airlines — Scandinavian Airlines System; L. A. V., the Venezuelan Airline; Air France; and National Airlines.

At the end of the year construction on the \$4,500,000 Federal Building was progressing according to schedule. This building, the first permanent structure to be built by the Port Authority at the airport, will house from 400 to 500 employees of the



PERMANENT CONSTRUCTION at New York International Airport was initiated by the Port Authority on July 1, 1948, with the start of this \$4,500,000 Federal Building to house the thirteen-state regional and local offices of the United States Weather Bureau, the Civil Aeronautics Administration and other Federal services. The three-story office building will consolidate the now scattered units of these agencies, so vital to airport operations. The building will be ready by mid-1949.



WIELDING trowels at cornerstone ceremony: left, W. J. Moxom, Regional Director, United States Weather Bureau; Chairman Howard S. Cullman; John J. McNeeley, Division Engineer, Public Buildings Administration; in profile at extreme right, Honorable Delos W. Rentzel, United States Administrator of Civil Aeronautics; Colonel Ora W. Young, Regional Administrator, Civil Aeronautics Administration.

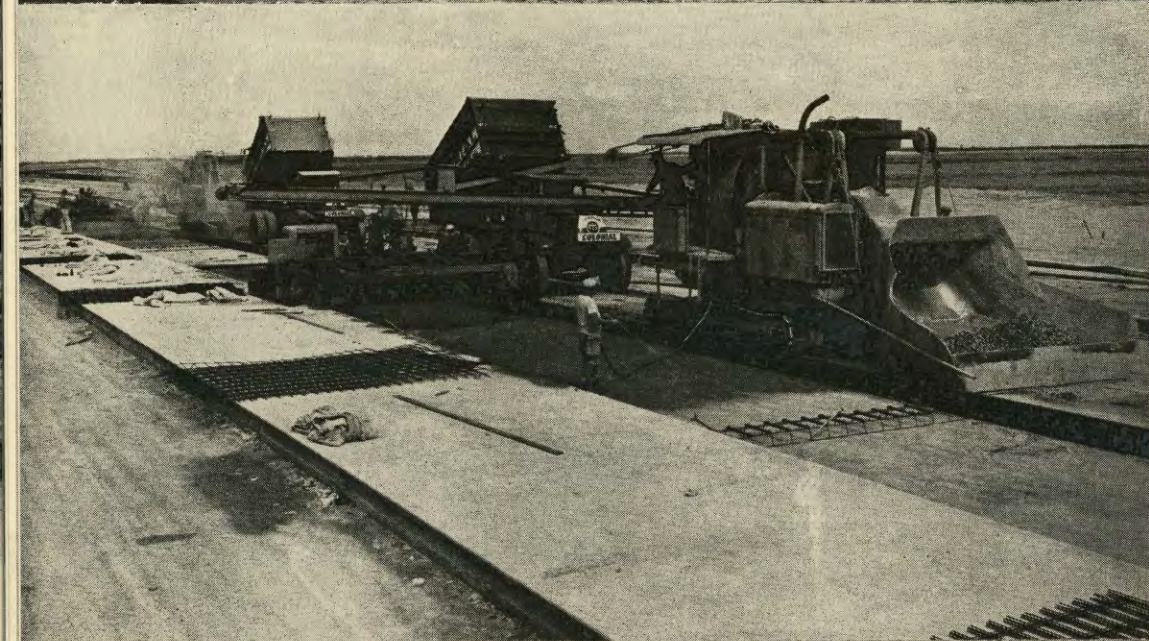
Civil Aeronautics Administration and the United States Weather Bureau. It is expected to be completed early in 1949.

Approach Light Piers Built

In accordance with the request of the Civil Aeronautics Administration, the Port Authority early in December proceeded to complete two Jamaica Bay piers in preparation for the installation of the so-called slope-line approach lights for the new instrument runway, Runway V, at New York International Airport.



TEMPORARY TANK FARM at New York International Airport for receipt and distribution of aircraft fuel. This installation, shown under construction, is the largest temporary tank farm of its kind and comprises twenty 30,000-gallon underground tanks, located for convenient barge delivery on Bergen Basin. Construction of this \$331,470 facility was begun in May and completed by the end of the year.



RUNWAY CONSTRUCTION at New York International Airport, New Instrument Runway V, approximately 8,000 feet long and costing \$2,000,000, exclusive of lighting, was completed during the year. Operation of this new runway, together with a newly constructed pier lighting approach system, is scheduled for early 1949, to replace present Instrument Runway C and to provide an instrument approach that is parallel to and not in conflict with that at La Guardia Airport.



PLANTING beach grass at New York International to stabilize the sand fill and to prevent eroding sandstorms. Effect of the grass after two seasons of spreading growth is to raise the wind level more than six inches above surface of the sand. This tractor-drawn modified tobacco planting machine can plant nearly six acres a day. About 4,000 acres of the airport have now been planted with beach grass (*Ammophila arenaria*), forming an efficient ground cover to control a former serious threat to the airport's usefulness.

The new approach lights, which will be put into service by November 1949, will take the place of the "flash-and-blaze" units previously installed by the City of New York on a pier approach to Runway C, the old instrument runway. The Runway C lights will not be removed. Interim instrument approach lighting for Runway V will be furnished by neon bar lights such as are in use at La Guardia Airport.

The CAA previously agreed to pay the cost of transferring the "flash-and-blaze" light units from the Runway C pier to the new pier of Runway V, and to maintain and operate those lights. The agency offered to make additional Federal Aid Funds available for necessary extensions to the Jamaica Bay piers on which the new slope-line lights must be installed. The CAA, as a part of its nationwide program, will supply and install the slope-line lights and pay for their maintenance and operation, as it had earlier agreed to do in connection with the "flash-and-blaze" units.

New Services Established

Air France transferred to New York International the maintenance and operations base for its entire operation between France and the United States, as well as between France and the West Indies by way of New York.

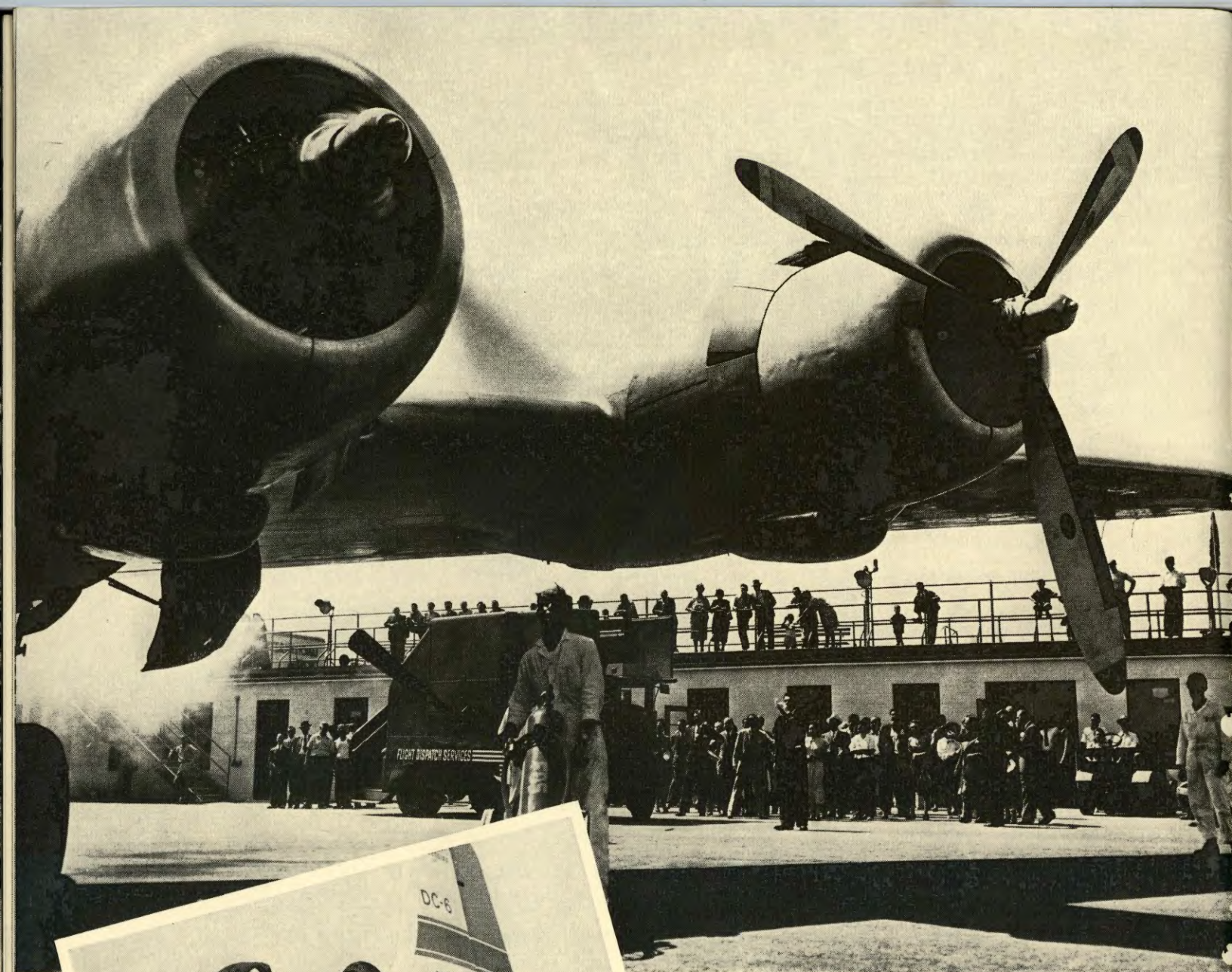
On December 21, Flight Dispatch Services, Inc. began operation at the airport of an experimental consolidated overseas air cargo handling station. This operation was set up at the request of the Collector of Customs so that all overseas nonscheduled and contract air cargo carriers in the New York area may use New York International Airport. It may be the forerunner of further consolidated cargo handling operations at the airport, and may also point the way to the establishment of bonded warehouse space at the terminal.

The Post Office Department agreed to establish a substation in the temporary terminal building and construction is expected to start in the immediate future.

Basic Concession Businesses Developed

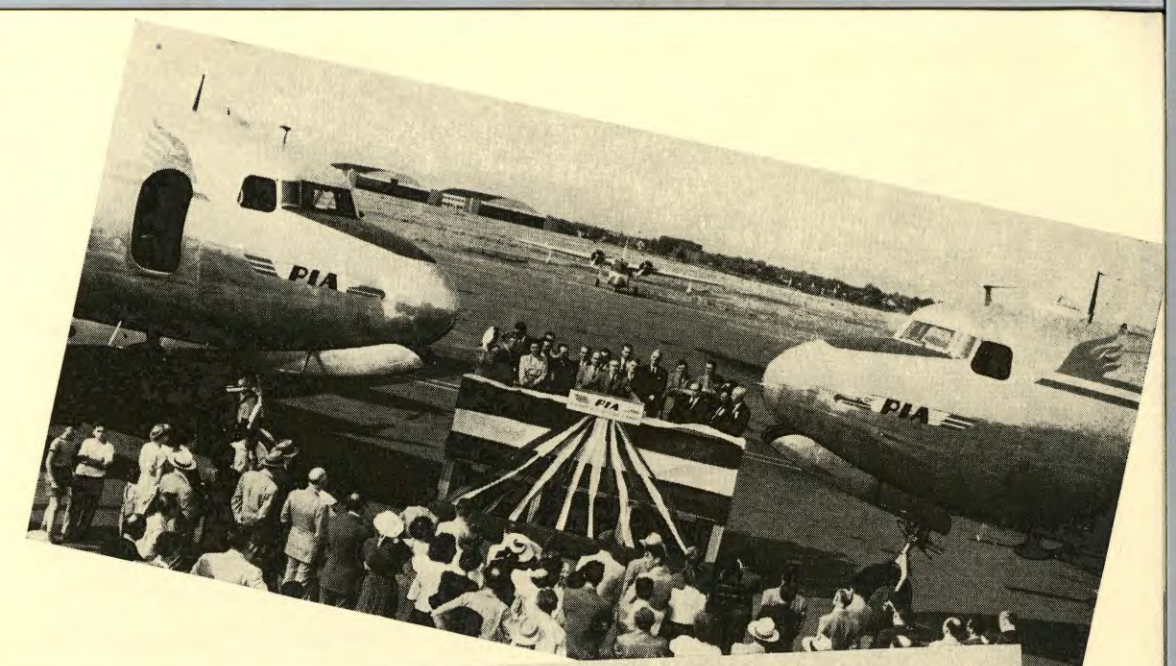
Attractive concessions have been developed at the airport to meet the convenience of air travelers, airport visitors and employees, as well as to develop additional sources of revenue.

The airport businesses include a restaurant, bar and cocktail lounge, gift counter, men's shop, camera shop, barbershop, bookstore, smoke and newsstand, soda fountain and drugstore, RCA Communications, Western Union Telegraph, bank, public telephones and a variety of vending machines. A combined cafeteria and commissary

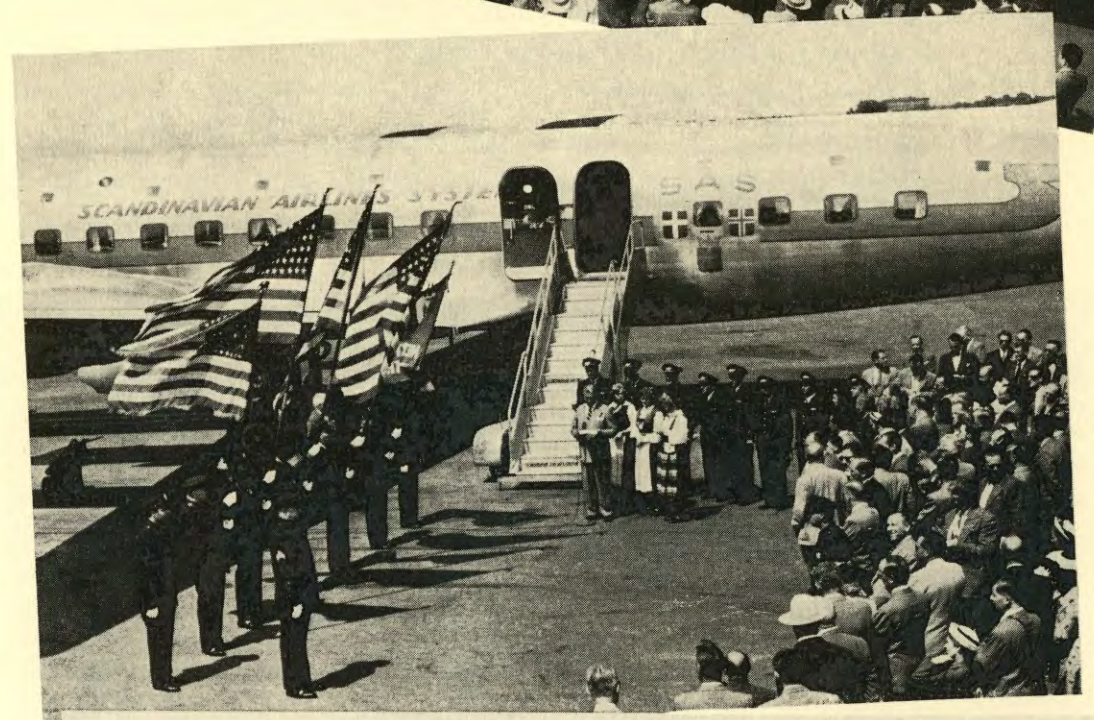


COLORFUL CEREMONIES marked the start of scheduled overseas and domestic service as the various airlines transferred their operations to New York International Airport. Above: SABENA's first departure for Brussels following official ceremonies held in the airport restaurant. Left: National Airlines' crack Miami flight, "The Brooklyn Dodger," with Thompson Trophy winning pilot, Captain Anson L. Johnson and John L. Morris, Special Assistant to the President, N. A. L., is welcomed for christening ceremonies by Mrs. "Peewee" Reese, wife of famed shortstop, and Executive Director Austin J. Tobin.

CEREMONIES marking the first scheduled airline departure from the new airport, made July 9 by Peruvian International Airlines. Flanking the speakers' stand are two DC-4's used on the airline's South American run.



VICE CHAIRMAN BYRNE addresses guests at ceremonies marking Scandinavian Airlines System's first departure. A Port Authority Police Color Guard participated in an exchange of national flags.



STIRRING Bastille Day ceremonies by Air France inaugurated the first trans-Atlantic departure from the new airport. Members of local French organizations, dressed in French provincial costumes, added color to the event.



for construction workers and airport employees was set up in a building near Hangars 1 and 2. The operator of this concession also distributes food at the airport by mobile food truck.

During the year our Department of Concessions and Revenues continued its work of planning the development of extensive concessions which will be an integral part of the program so basic to the ability of New York International Airport to support itself. Obviously, there must be a modern hotel at New York International, where air travelers from all over the world may rest between flight connections or before going on to inland points. There will be a variety of restaurants, and shops and stores that will display merchandise brought in over the airways of the world. Parking space will be required in the central terminal area alone for some 6,000 cars. The construction of the permanent terminal buildings at New York International involves one of the most extensive problems in permanent concession development. It may be recalled that the central terminal area alone comprises more than 300 acres, which is more than twenty-five times the area of the Yankee Stadium. Furthermore, the ultimate space requirements for the permanent terminal indicate a building about eight times the size of Grand Central Terminal.

Airport Charges

Historically, airport charges in the United States have borne little relation to the cost of providing, operating and maintaining the facilities or services for which the charges are made.

In establishing charges at New York International Airport, the Port Authority concluded that fees for the use of the landing area and for related facilities and services should be determined on a public utility basis and should be promulgated through published tariffs subject to revision at reasonable intervals to reflect changes in costs.

On this basis, it was decided that such charges for the use of the landing area should be designed to be compensatory, but not more than compensatory, of the costs to the Port Authority for providing, operating, and maintaining the landing area; that such charges should be made flexible so that appropriate adjustments might be made to reflect increases or decreases in the cost of providing, operating, and maintaining the landing area; and that such charges should be made equitable so as not to discriminate between large and small airlines, foreign flag and United States flag airlines, or latecomers and early-comers at the airport.

AIR VIEW of the Interim Terminal Buildings at New York International Airport showing modified Quonset hut extensions made to the small cinder-block Temporary Terminal constructed earlier by City of New York. At bottom, left, single-arch Operations Building; next, the two and three-arch Air Cargo Building, and the expanded Terminal Building with a three-arch extension for Federal inspections services. At right, a 2,000-car paved parking area. To assure meeting the scheduled July 1 opening of the airport, Port Authority engineers erected new buildings and extensions in a record ninety-three working days to provide a \$1,500,000 interim terminal group of structures with 90,000 square feet of space. Federal inspections services alone are provided 14,000 square feet as compared with half that area available at La Guardia Airport for Customs, Immigration and Public Health services.



As these principles were established, the Port Authority was required to start the development of an airport accounting system to provide essential cost information as a yardstick for measuring the growth and operation of the airports.

Based on a careful analysis of the elements of estimated costs, a schedule of charges was adopted and put into effect on July 1, 1948 for the use of the public landing area, public ramp and apron area, and public aircraft parking and storage areas at New York International Airport.

In view of the expected limited activity at the airport during the initial stages of its operation, it would obviously have been unfair, in the establishment of some of these fees, to set the unit charges on the basis of actual use. In such cases, the rates were established by assuming a reasonable usage of the specific facility or service.

For example, the public landing area charge of \$.0001076 per pound of maximum take-off weight was established on the assumption that a reasonable usage of the landing area would be 175 departures per day of aircraft, with an average maximum allowable take-off weight of 90,000 pounds. An adjustment which was similar in principle was also made in establishing the rate for use of the Federal Inspection Service.

The reasonableness of the flight fees at New York International is indicated by the table which follows of flight fees around the world for DC-4 and Constellation aircraft:

<i>Airport</i>	<i>DC-4 (73,000 lbs.)</i>	<i>Constellation (90,000 lbs.)</i>
Stockholm	\$78.97	\$97.36
London	67.50	78.75
Copenhagen	59.23	73.02
Amsterdam	25.22	31.09
Manila	25.00	35.00
Montreal	14.60	23.00
San Juan	14.60	18.40
U. S. Air Force and Navy Bases Abroad.....	12.20	14.75
New York International.....	7.85	9.68
Chicago (Douglas)*	7.30	9.00

* The Chicago rates are admittedly below their costs, and they have publicly stated that they have been set slightly below the rates at New York International as a competitive bid for additional air services.

CONTRASTS IN COMFORT for overseas air passengers first setting foot on the United States. Lack of sufficient space at La Guardia Airport has caused delays and discomfort to passengers awaiting Federal inspection. Opening of New York International Airport with twice the space available for United States Public Health, Immigration and Customs Services has relieved this situation.

AT RIGHT: Overseas passengers awaiting interviews by Immigration Inspector in cramped, airless quarters at La Guardia. Below: Immigration inspection at New York International Airport, where ample space and special furnishings provide a more cheerful and comfortable reception for overseas arrivals.



Airport Leases

In the latter part of December, eight airlines commenced suit in the Supreme Court of the State of New York in Queens County asking, in effect, for a judicial finding that the Idlewild leases, which had been executed in 1945 between the City of New York and those airlines, giving them a virtual monopoly at the airport, were valid and binding. The airlines also asked that the Court enjoin the Port Authority from preventing their use of that airport (New York International) under the terms of those 1945 leases.

The Port Authority recognizes the 1945 Idlewild leases as valid and binding, regardless of their unconscionable terms. The Authority has not interfered with, nor threatened to interfere with the landing, loading or normal ground servicing of aircraft at New York International Airport by the airlines involved in the suit, nor has it interfered with the exercise of the rights which those airlines may have so to do. Nor do we expect to interfere with such operations when carried on in accordance with the rules and regulations for which provision is made in the 1945 leases. For this reason, if for no other, the application of the airlines for an interlocutory injunction was unnecessary and unwarranted.

The eight airlines involved in the suit are American Airlines, Inc., American Overseas Airlines, Inc., Capital Airlines, Inc., Eastern Airlines, Inc., Northwest Airlines, Inc., Pan American Airways, Inc., Transcontinental and Western Air, Inc., and United Airlines, Inc.

Three of the airlines, namely, American Overseas Airlines, Inc., Pan American Airways, Inc., and Northwest Airlines, Inc., were specifically concerned with the use of New York International Airport by the Boeing Stratocruisers which they stated they expected to put into service in the New York area in the spring of 1949. La Guardia and Newark Airports cannot be used with safety by aircraft weighing more than 105,000 pounds. New York International Airport is the only airport in the metropolitan district capable of accommodating these giant planes when loaded. The United States Engineers Office, New York District, in May 1945, concluded that at La Guardia "runways are evaluated for the gross weight of planes of 64,000 pounds limited operation." In February 1944, the United States Engineers concluded that at Newark "runways are evaluated for the gross weight of planes of 45,000 pounds for capacity operation and 95,000 pounds for limited operation." These conclusions contrast with the 142,500-pound weight of loaded Stratocruisers.

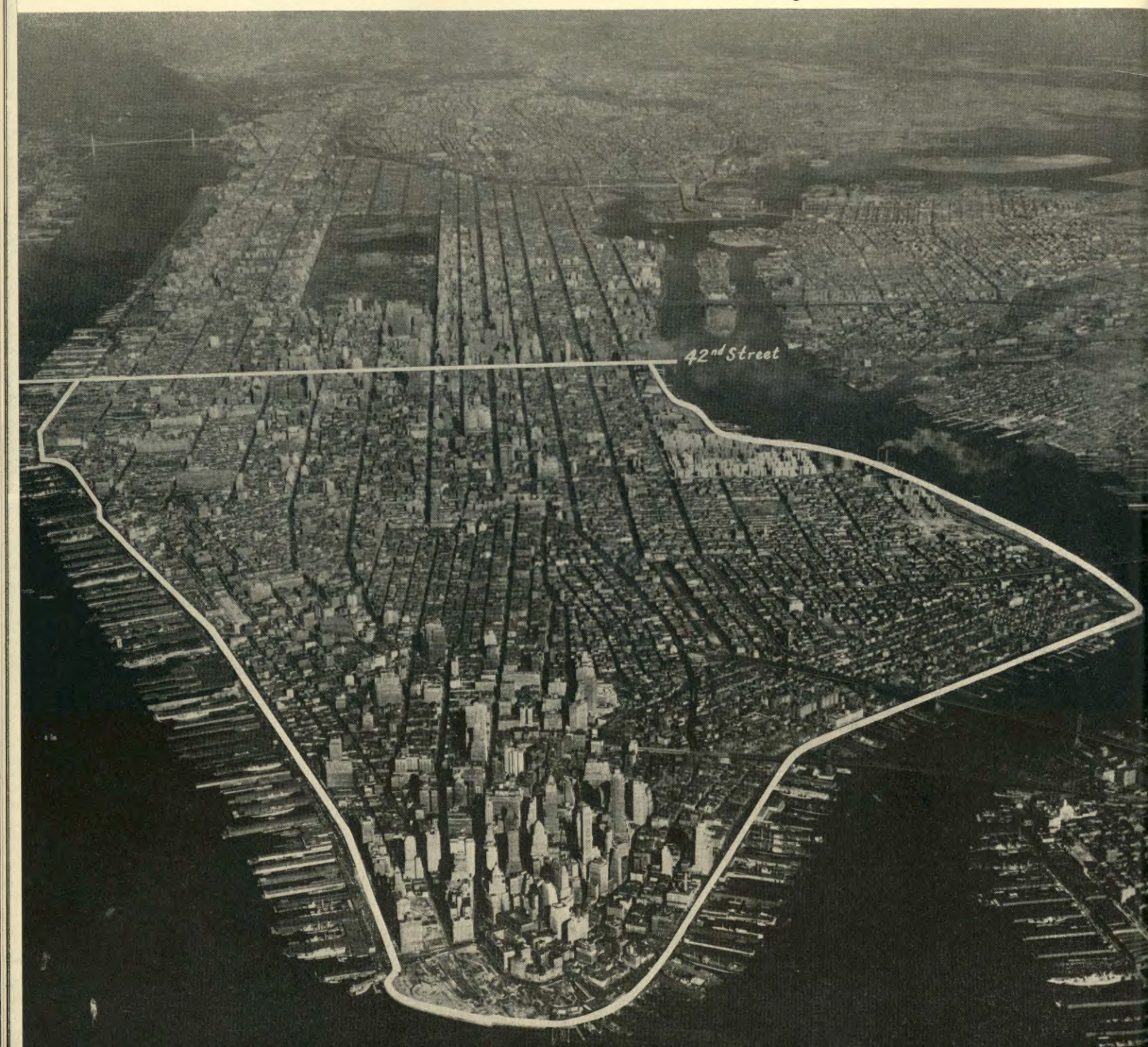
CUSTOMS INSPECTION at La Guardia Airport contrasted with the same procedure at New York International Airport. Crowded quarters at La Guardia often necessitate holding passengers on parked plane until passengers from earlier overseas arrivals have been cleared. Much larger room and longer counter space at New York International Airport minimize Customs inspection delays.



AT RIGHT: Passengers crowded several deep wait for service at La Guardia Customs counter. Below: Larger room and longer counter space at New York International with rectangularly-designed counter speeds Customs inspection.



VAST AREA of New York International Airport is dramatized in this view of Manhattan Island, with equivalent area of the airport outlined in white, from Forty-second Street south to the Battery. Construction of the airport, one of the greatest land reclamation projects of its kind, required placing of more than 65 million cubic yards of hydraulic fill over 4,900 acres of Jamaica Bay tidal marshlands. This would be equivalent to filling the marked area of Manhattan with sand to a height of nine feet.



The Chief Engineer of the Port Authority also concluded that the Newark and La Guardia runways could not safely stand up under the weight of aircraft such as the loaded Stratocruisers. To operate or to permit operation of such loaded aircraft from Newark or La Guardia Airports would, therefore, be dangerous to the public safety.*

It has developed in recent weeks that the airlines are really attempting to compel the Port Authority to give them rights and privileges for the use and occupancy of facilities at New York International Airport which are not covered or provided for in any way under the terms of the 1945 Idlewild leases.

This the Port Authority is prepared to do only if the airlines will fulfill their repeated assurances to the Port Authority, given prior to the execution of our leasehold agreement with the City of New York in 1947, that they were willing to sit down and renegotiate these unsound, unworkable leases.** Under these leases, the airlines are not entitled to space in the interim terminal buildings, nor are they entitled to space in the two existing hangars on the airport or in the temporary cargo building.***

* A Pan American Boeing Stratocruiser arrived at La Guardia Airport on March 20, 1949, weighing less than the 105,000-pound limitation. On March 22, 1949, the Port Authority announced completion of plans at New York International Airport for full cooperation between the Authority and Pan American Airways operations personnel for the accommodation of training and familiarization flights at the airport for the new air giant. The first such flight took place on March 23, 1949 and it is expected that similar flights will be made for a month. The plane will return to La Guardia Airport each night for servicing during the training period, landing at La Guardia under the maximum weight limitation of 105,000 pounds.

At the time this report was prepared no arrangements whatsoever had been made by Pan American for the use of interim terminal buildings, temporary cargo, or other facilities for regular commercial flights for operations at New York International Airport.

** A report issued by the Citizens Union on March 11, 1949, described these 1945 leases as "monopolistic and discriminatory." The Citizens Union came to the conclusion that the City "made a serious mistake" in 1945 when these leases were executed and called for "a new arrangement which will better serve the public interest." The Citizens Union has reached the following conclusions as to these 1945 leases of New York International Airport:

"Idlewild must be self-supporting. The Port Authority is not set up to operate it in any other way. Certainly, it could not charge more to motorists using the bridges and tunnels in order to provide facilities for the airlines below cost. (At La Guardia Field, where similar leases are in effect, the airlines paid \$394,000 less in landing fees last year than the actual cost.)

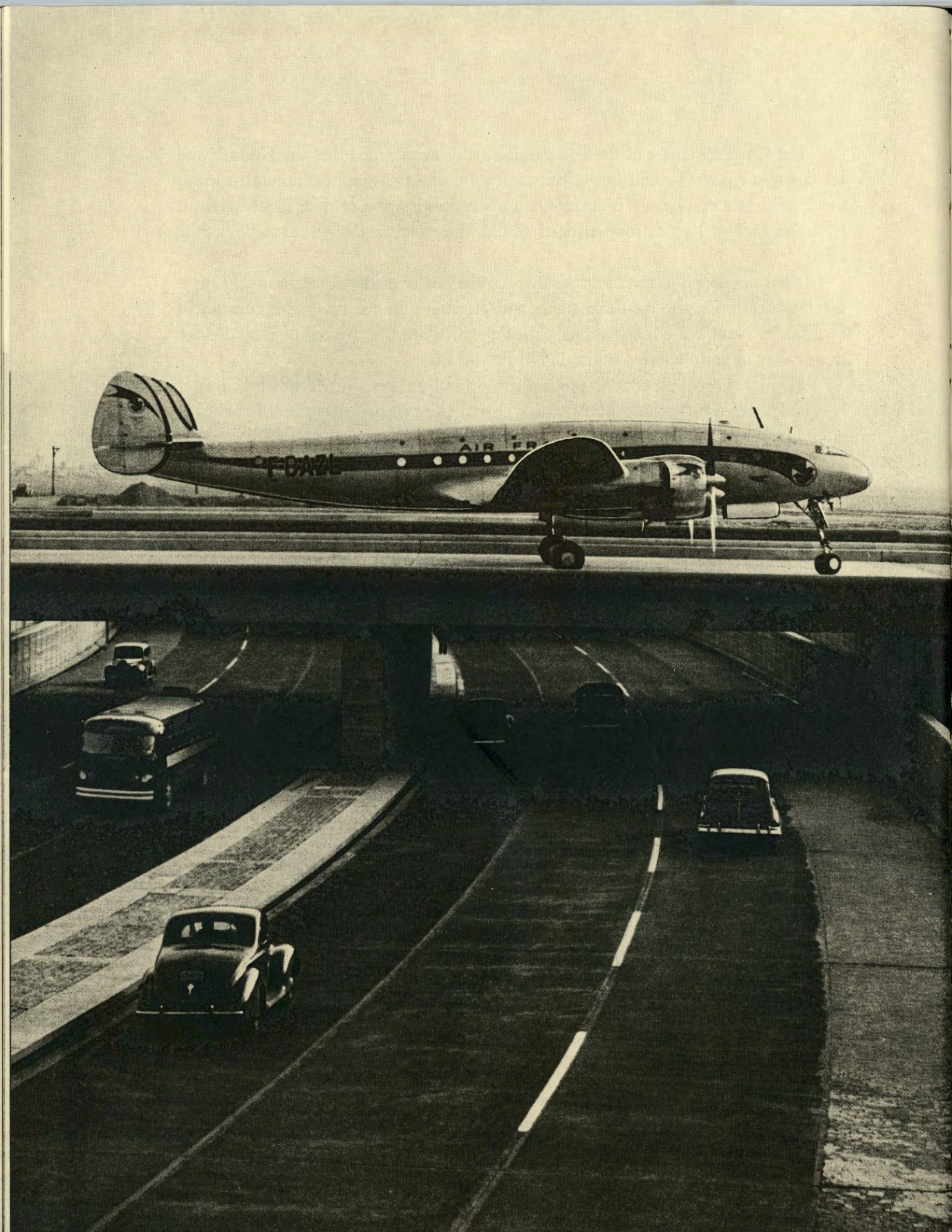
"Flight fees and rentals must therefore be set at a level that will cover costs of providing, operating and maintaining adequate facilities. The sound way to do this, especially as the airport is just getting under way, is to revise the rates periodically on the basis of experience, rather than to set them for fifty years ahead before a plane has been landed.

"The airlines should certainly be protected against excessive or volatile charges. We understand the Port Authority is willing to set up a procedure that will give them this protection.

"We believe that there is no justification for the monopolistic character of the present leases, nor for the sliding scale of flight fees which discriminates in favor of the larger airlines.

"If the airlines need public assistance in the present phase of their development, it is obtainable from the Civil Aeronautics Board, which is required to set mail pay rates that will provide the lines with a fair return on their capital."

***In an address at the annual dinner of the Citizens Budget Commission on January 17, 1949, Mayor William O'Dwyer, agreeing with remarks by Port Authority Chairman Howard S. Cullman, said: "The old contracts (1945 Idlewild leases) were reprehensible. If they had gone through we would have spent the greater part of our administration serving the airlines." He continued: "It is certainly ridiculous for the airlines to say they are building New York City. They are simply taking advantage of a market that is already here and they ought to pay their way reasonably."



Traffic at Port Authority Airports Increased in 1948

During the year there were 241,449 plane movements at La Guardia, New York International and Newark Airports. At La Guardia, the record was as follows:

PLANE MOVEMENTS — LA GUARDIA AIRPORT

Year	Air Carriers		Civil Itinerant		Military		Total
	No.	%	No.	%	No.	%	
1946.....	147,297	75.0	42,001	21.4	7,084	3.6	196,382
1947.....	140,291	82.7	28,364	16.7	1,018	0.6	169,673
1948.....	128,530	81.1	29,093	18.4	860	0.5	158,483

The decrease of 6.6 per cent in plane movements at La Guardia in 1948 as compared with 1947 reflects the use of larger aircraft during the past year, and the movement of schedules to New York International Airport. It is encouraging to note that the itinerant plane movements increased from 16.7 per cent of the total number of movements in 1947 to 18.4 per cent in 1948.

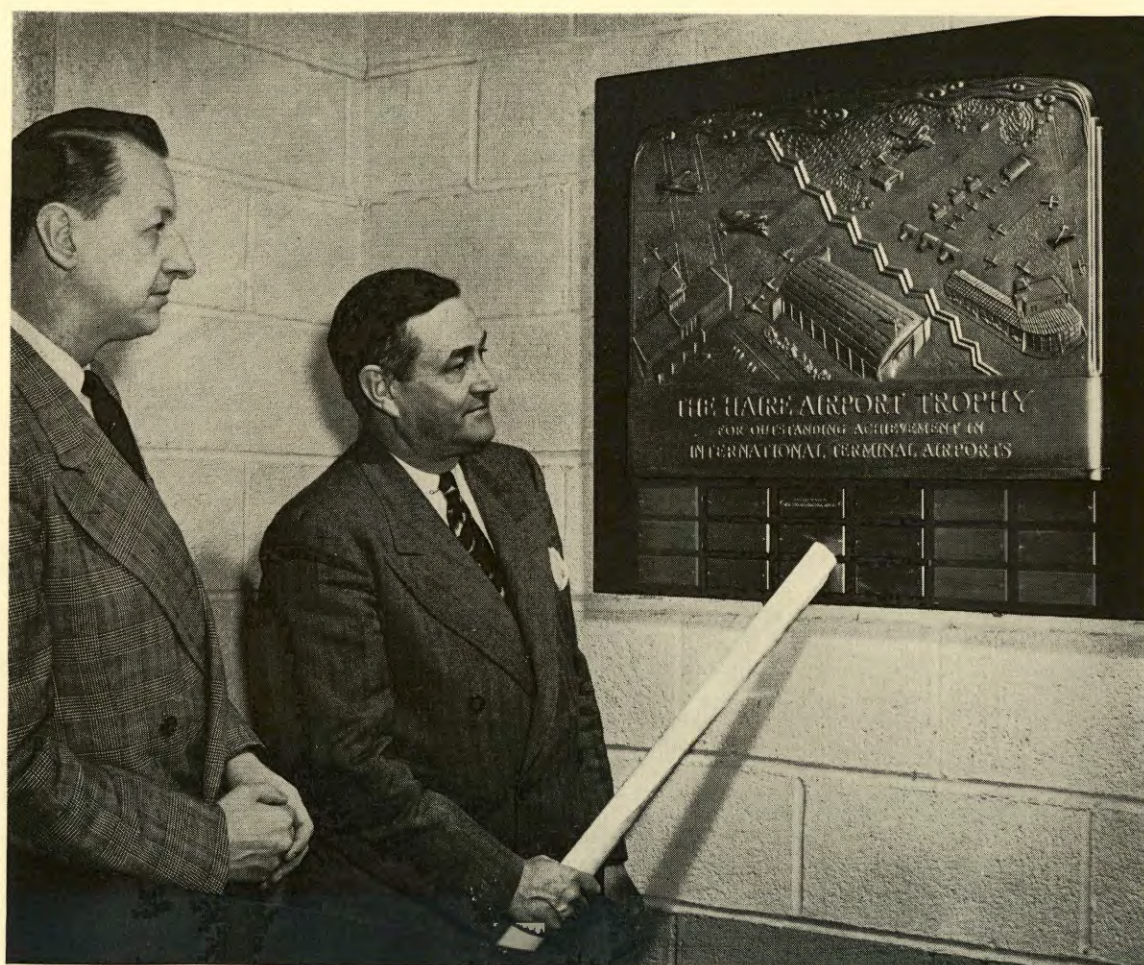
At New York International plane movements since the opening of the airport on July 1 substantially exceeded our estimate. Movements of scheduled air carrier aircraft totaled 3,772, civil aircraft 1,590, and military aircraft 524, or a total of 5,886 plane movements.

At Newark there were 111,848 plane movements in 1948 as compared with 113,108 in 1947, a decline of 1.1 per cent as shown by the following table:

PLANE MOVEMENTS — NEWARK AIRPORT

Year	Air Carriers		Civil Itinerant		Military		Total
	No.	%	No.	%	No.	%	
1946.....	46,746	43.4	22,899	21.7	36,863	34.9	105,508
1947.....	50,099	44.3	23,529	20.8	39,480	34.9	113,108
1948.....	60,680	54.3	19,382	17.3	31,786	28.4	111,848

MODERN MODES OF TRAVEL meet at New York International Airport. This huge double-bridged airplane overpass was completed in 1948 to permit simultaneous movement of motor vehicles and taxiing aircraft. At this point where the new entrance parkway of the airport enters the center terminal area, the roadway dips below sea level. To withstand heavy uplift pressures the reinforced concrete underpass was built to a thickness of more than seven feet; it weighs 92,000 tons. The two taxiway bridges each can support planes up to 300,000 pounds.



THE HAIRE AWARD for outstanding achievement in development, management and operation of international airline terminal airports, presented in 1948 to New York International Airport and installed there in the Interim Terminal. George M. McSherry (left), Superintendent of New York International, is shown here with Hervey F. Law, General Superintendent of Airports. In accepting the award at the Hotel Statler, Cleveland, on November 16, Chairman Cullman cited the recent failure of taxpayers in two principal cities to support large municipal bond issues for airport development. He stated that "development of *self-supporting* airports in large urban centers of the United States is an absolute essential if the aviation industry is to have the airports which it requires for the industry to survive and prosper."

It is significant that the movement of air carrier aircraft increased 21.1 per cent at Newark, while the number of military plane movements declined 28.4 per cent.

Domestic air passengers at the three airports in 1948 totaled 3,157,090 as compared with 3,112,104 in 1947. Overseas passengers totaled 352,784 in 1948 as compared with 329,267 in 1947. Thus, domestic passenger traffic at the three airports increased 1.4 per cent, and overseas passenger traffic 7.1 per cent, as compared with 1947. The following tables indicate the number of domestic and overseas passengers at each airport:

DOMESTIC AIR PASSENGERS				
	<i>La Guardia</i>	<i>New York International</i>	<i>Newark</i>	<i>Total</i>
1947.....	2,362,104	—	750,000	3,112,104
1948.....	2,357,836	22,252	754,520	3,134,608

OVERSEAS AIR PASSENGERS				
	<i>La Guardia</i>	<i>New York International</i>	<i>Newark</i>	<i>Total</i>
1947.....	329,267	—	—	329,267
1948.....	319,441	33,343	—	352,784

Total domestic air express and freight handled by scheduled carriers at La Guardia, Newark and New York International Airports in 1948 amounted to 95,012,048 pounds, with data for Newark covering only the period from March 22 through December 31. Overseas cargo moved by scheduled carriers in 1948 totaled 13,708,468 pounds. Thus, the total volume of air express and freight handled at the three airports during the past year, including Newark only for the period March 22 through December 31, was 108,720,516 pounds. The following table compares the air express handled at each of our airports with the previous year's volume:

DOMESTIC AIR EXPRESS AND FREIGHT				
	<i>La Guardia</i>	<i>New York International</i>	<i>Newark</i>	<i>Total</i>
1947.....	50,444,309	—	not available	50,444,309
1948.....	56,630,432	551,954	47,072,635	104,255,021

OVERSEAS CARGO				
	<i>La Guardia</i>	<i>New York International</i>	<i>Newark</i>	<i>Total</i>
1947.....	10,055,334	—	—	10,055,334
1948.....	11,847,244	1,861,224	—	13,708,468

In 1948, domestic air mail handled at La Guardia, Newark and New York International Airports totaled 22,828,013 pounds, with Newark data covering only the

period from March 22. Overseas air mail handled by the airports in 1948 totaled 6,916,446 pounds. The table compares the air mail volume of 1947 with that of 1948:

	DOMESTIC AIR MAIL			
	<i>La Guardia</i>	<i>New York International</i>	<i>Newark</i>	<i>Total</i>
1947.....	16,634,926	—	not available	16,634,926
1948.....	17,815,797	115,796	6,165,628	24,097,221

	OVERSEAS AIR MAIL			
	<i>La Guardia</i>	<i>New York International</i>	<i>Newark</i>	<i>Total</i>
1947.....	5,977,378	—	—	5,977,378
1948.....	6,467,418	449,028	—	6,916,446

Progress Made in Developing Non-Flight Airport Revenues

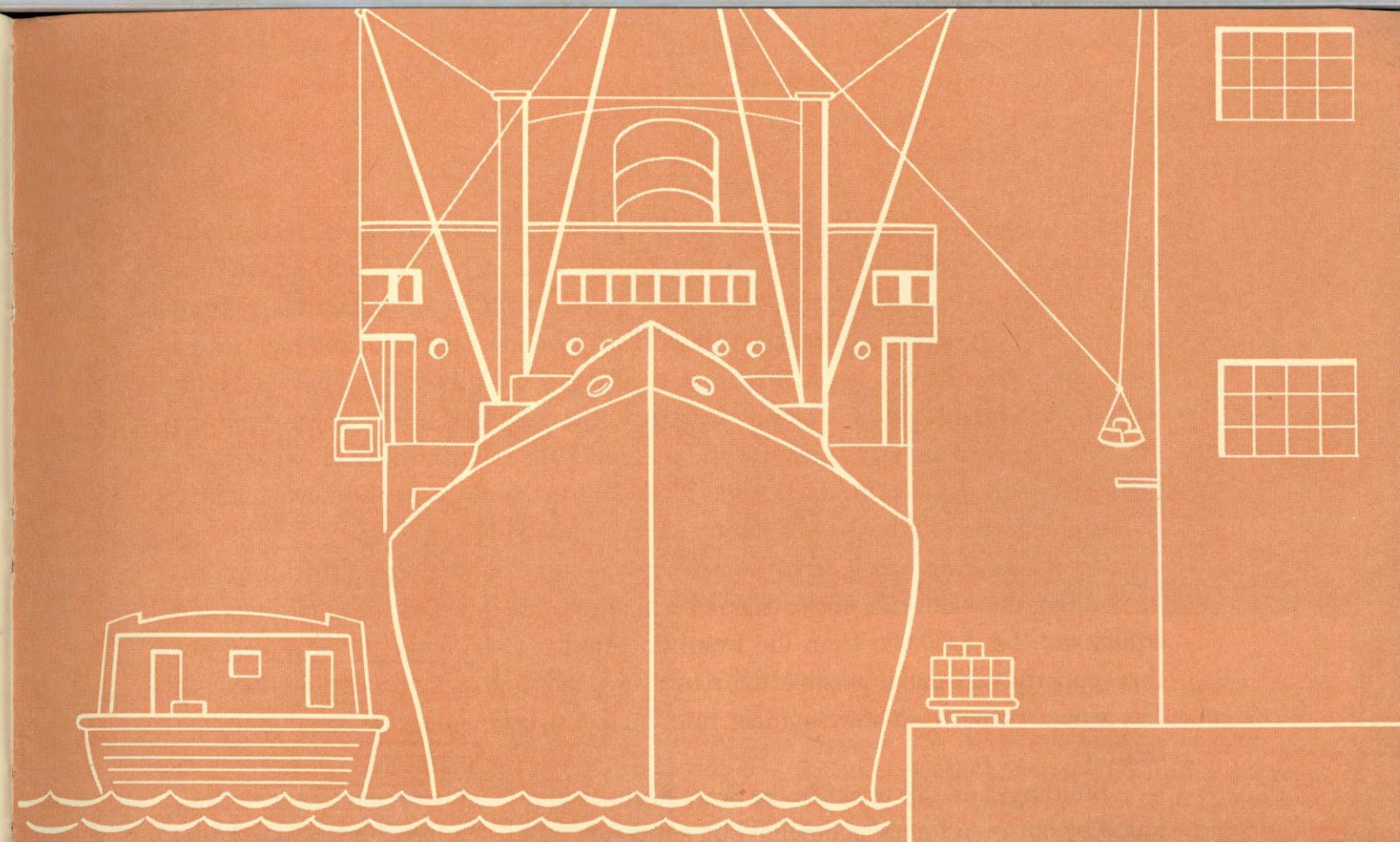
During the year the Port Authority made significant progress in developing non-flight revenues to improve airport income. The Port Authority's objective is to realize between 60 and 70 per cent of its total airport income from non-flight revenues.

In 1948 we negotiated eighty-nine concession permits and agreements for businesses at our three airports. Sixty-two new concessions were established in 1948. Our vending machine installations set a precedent in airport income development. We have installed some 170 vending and coin-operated devices of nineteen types.

Airport Ground Transportation Improved

Limousine service was established between midtown Manhattan and New York International Airport, and between New York International and La Guardia Airports. Arrangements have been made to establish "Drive-Yourself" service at La Guardia and to furnish stands for "For Hire" cars at all of our airports.

The Green Bus Lines was authorized to establish service within New York International Airport connecting with its franchise routes from the airport to subway and Long Island Railroad terminals in Queens. Through the efforts of the Citizens Committee for the Improvement of Brooklyn Air Transportation, and with the assistance of the Port Authority, a scheduled airline terminal will soon be established opposite the Abraham & Straus department store in downtown Brooklyn. Limousine service between this Brooklyn station and Newark, La Guardia and New York International Airports will be available early in 1949.



MARINE TERMINALS

PORT NEWARK

Under a fifty-year lease agreement with the City of Newark, we assumed responsibility on March 22, 1948 for the operation and development of Port Newark. Excellent progress has been made since that time, both in developing more business for the Port and in rehabilitating the Port facilities.

At the end of the year our operating deficit was only \$32,748, a figure far lower than the loss of \$214,000 which we had estimated for the first year of the development period.

Since March more than \$3,780,000 has been spent or committed on improvement, rehabilitation and development of Port Newark properties. An additional \$2,928,000 was authorized by the board for construction before the end of 1949. These expenditures represent a substantial part of our \$14,000,000 program for Port Newark development, rehabilitation and land acquisition.

During the year we purchased fifty-six acres from the American Agricultural Chemical Company which had not been acquired by the City of Newark at the time of the transfer to Port Authority operation. We also reacquired thirty-eight acres from the War Assets Administration, the former Sears Roebuck leasehold, and have leased thirty-three acres on the north side from the Navy Department for a ten-year term with a five-year option of renewal. In return, the Port Authority will assume the \$20,000 annual maintenance cost for the portion of the Navy area which we will not occupy. We also agreed to invest some \$377,000 in rehabilitation and new construction in the portion of the Navy property leased by the Port Authority.

An outstanding leasehold of 7.6 acres needed for dock and cargo shed improvement along the south side of the channel was purchased, together with buildings and equipment, for \$200,000 from the Franklin Lumber Company. The acquisition of this property will make possible the return of important segments of Port Newark for general waterfront development and for construction of new cargo building facilities.

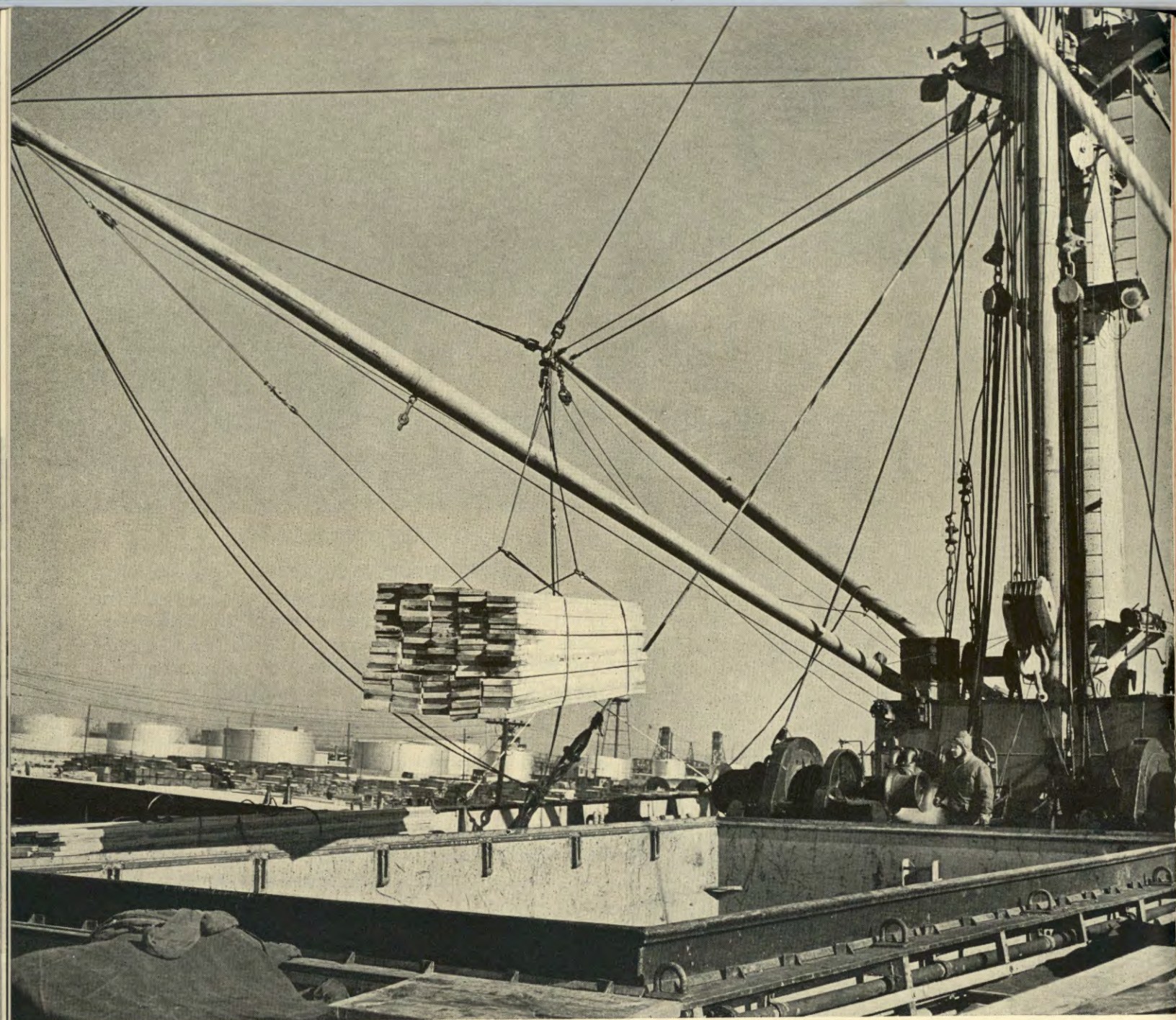
Buildings and rail tracks in the Sears Roebuck and Navy areas have been rehabilitated by our own forces, augmented by temporary labor. A total of 9,800 man hours of labor was spent on track rehabilitation alone. The entire fender system around the south and west sides of wharves and bulkheads has been reconstructed at a cost of \$203,000.

Design plans have been prepared and substructure work has been started on the two cargo buildings on the south side of the channel to be constructed at an estimated cost of \$2,300,000. These dock buildings will be available late in 1949 for use by deep sea shipping lines. Of the latest design and capacity, one will be 462 feet by 200 feet and the other 440 feet by 200 feet.

During the year we reimbursed the City of Newark in the amount of \$122,000 for channel dredging which the City had carried forward in 1947. Plans are now under way in cooperation with the United States Army Engineers for dredging the entire city channel to a thirty-five foot depth to accommodate modern shipping requirements. The Federal portion of the project was authorized in 1945 but no funds have as yet been made available. It is still hoped that they will be included in the Federal Appropriation Act for the 1949-50 fiscal year.



RESTORATION of Port Newark properties to unified public ownership progressed during 1948 with acquisition by the Port Authority from the War Assets Administration of thirty-eight acres of land and buildings known as the Sears Roebuck area, title to which was taken in the name of the City of Newark at a cost of over a million dollars. These properties, formerly leased to Sears Roebuck, and in 1942 purchased by the United States Army, have now been rehabilitated by the Port Authority and restored to commercial usage for which they are ideally fitted. Above, Building 105, tenanted by a distributor of household appliances. Below, Building 108, used for warehousing of special types of lumber and lumber products. All of these buildings at the Port Newark marine terminal are served by motor truck and by rail track sidings connecting with three major railroads.



LUMBER ARRIVING at Port Newark, one of the major lumber ports in the United States. Because of its location on the mainland, its easy access for trucks and the concentration of both residential and industrial users of lumber in the surrounding area, Port Newark is ideally suited for the handling of this waterborne commodity, most of which comes from the West Coast. Between March 22, 1948, when the Port Authority assumed operation of the marine terminal, and December 31, the terminal handled 120,911 long tons of lumber.

Port Property Usage Improved

Waterborne tonnage through Port Newark for the forty-one weeks from March 22 through December 31 amounted to approximately 912,796 long tons as compared with 811,780 long tons of commercial cargo for the same period in 1947. In this period in 1948 commercial deep sea ship days of dockage totaled 1,073 days, as compared with 306 days in the same period in 1947. This gain was made despite a three-month shipping strike on the West Coast and a longshoremen's strike on the East Coast in November which greatly retarded port operation in Newark, as well as elsewhere throughout the country.

As a result of Port Authority solicitation and promotion, new types of cargoes were handled over the public docks at Port Newark. They included 2,000 tons of African vermiculite for insulating purposes; 1,250 tons of scrap metal from the Philippines; 4,500 tons of Scandinavian wood pulp; 660 tons of newsprint and 50 tons of furniture from Finland; 718 drums of oil to Finland; 7,700 tons of pitch from a local industry; 4,000 tons of chrome ore from Africa; and steel from Sweden. There was a movement of 15,000 tons of sand, gravel and other paving material for the construction of the northbound section of State Highway No. 25.



INTENSIFIED PROMOTION for new types of cargo at Port Newark resulted in the arrival on October 15 of this first shipment into New York Harbor of Scandinavian wood pulp since before the war. This commodity, once shipped heavily through New York but recently diverted to other Atlantic ports, was regained at Port Newark by the Port Authority through the assistance of the wood pulp importers. Vessel operators, railroads, and truckmen have cooperated in effecting a continued movement.

In addition to the solicitation campaign which has brought to Port Newark for the first time a number of steamship lines from overseas, regular general cargo service has been re-established between Newark and the Pacific Coast and Texas ports, with ships docking at the Newark Tidewater Terminal. The American-Hawaiian and Luckenbach Lines maintain a sailing a week to the Pacific Coast. The Newtex Line has a fortnightly freight service to Texas ports.

Port Business Increased Through Port Authority Promotion

Under our arrangements with the Newark Tidewater Terminal we received from them an amount in excess of the minimum \$100,000 a year guarantee under the lease to that company. This is the first time in the history of Port Newark that the Tidewater Terminal property has made a return in excess of the annual minimum payment. The lease extends to 1951 on about 137 acres still owned by the United States Government. The Port Authority assumed the obligation of the City of Newark to pay the balance of \$1,200,000 remaining on the purchase price. During the past session of Congress the so-called Sundstrom Bill, which we supported, effected a reduction from \$200,000 to \$100,000 a year for the ensuing four-year period on the annual remittances to the Federal Government on the terminal property.

Seven leases have been made in the former Sears Roebuck area with companies engaged in distribution, fabrication, and other activities requiring the coordinated transport afforded at Port Newark. The space leased includes 203,700 square feet of covered area and 60,000 square feet of open area.

Public warehouse storage agency contracts were awarded during the year to Bayway Terminal Corporation and Lehigh Warehouse & Transportation Company. These companies will operate for Port Authority account approximately 260,000 square feet of covered storage space and seven acres of open storage space at Port Newark. The Bayway Corporation will operate on the south side, and the Lehigh Warehouse Company on the north side of the channel. The warehouse agency contracts were awarded following public announcement and careful selection from numerous applicants. At the close of the year, the agents had made substantial progress toward filling the south-side warehouses, and arrangements were being made to store the overflow from the Bayway Corporation's operations in other buildings.

In accordance with an agreement between the City of Newark, the Port Authority and the Navy Department, following the famous "Battle of Newark Bay," the

Lipsett Company's lease in the Navy area for ship-scraping operations was terminated on August 31 to free the property for general port usage. A part of this area has been assigned for waterside storage operated under agency contract by the Lehigh Warehouse & Transportation Company. To obtain the most effective utilization of the property, arrangements were made with the railroads to extend import and export rates to the area, and agreements were signed with the railroads under which the Port Authority loads and unloads rail cars for carrier account.

Some of the existing leases on the south side of the channel have been modified to release additional portions of the waterfront for general usage. We have agreed to pay the United States Army Engineers \$26,000 to demolish Building No. 126, which occupied portions of three of the leaseholds on the south side of the channel, to make way for one of the new transit sheds.

PORT AUTHORITY GRAIN TERMINAL

We handled 3,732,000 bushels of wheat, rye, and flaxseed in 1948 at the Port Authority Grain Elevator at Gowanus Bay, Brooklyn, and our revenues from storage, elevation and ship berthage at the grain pier for the year amounted to \$175,133. We have completely rehabilitated the elevator since it was transferred to us by the State of New York in May 1944.

During the year we urged the Federal Government to route more of its grain through the Port of New York. In this effort we had the fullest cooperation of Mayor William O'Dwyer. The Federal Government, which controls the routing of export grain, favors shipments through the ports of Baltimore and Philadelphia because of lower inland freight rates and longer free storage time established by the railroads at those gateways.

The Port Authority, the City of New York, the State of New York, the Produce Exchange and local civic groups submitted in May a proposal to the Trunk Line Association requesting that rates on export grain from the Great Lakes to New York and Boston be equalized with those to Philadelphia and Baltimore, and free time be made the same at all North Atlantic ports.*

* After hearings and conferences extending over many months, the railroads announced that the New York rates would be equalized with those of other ports, effective April 11, 1949.

Port Authority Grain Pier

The first and only new pier to be built in New York Harbor since World War II, the Port Authority's new grain pier and gallery was opened for use in January 1948. When the pier is not utilized by ships for the discharge of grain from the elevator, the berths of the pier are made available for tie-up purposes. Under this arrangement, thirteen ships occupied berths at the pier for a total of 109 ship days during the year 1948, at the rate of \$75 a day during grain-loading operations and \$150 a day at other times.

Columbia Street Pier

During the year the Columbia Street Pier at Gowanus Bay was effectively used by our two permittee steamship companies, the Isthmian Line on the east side, and the Fern Line on the west side. The six-month permits of these companies were renewed on November 1 to April 30, 1949. These two companies have cooperated in exemplary fashion in their joint use of the floor space of the pier.

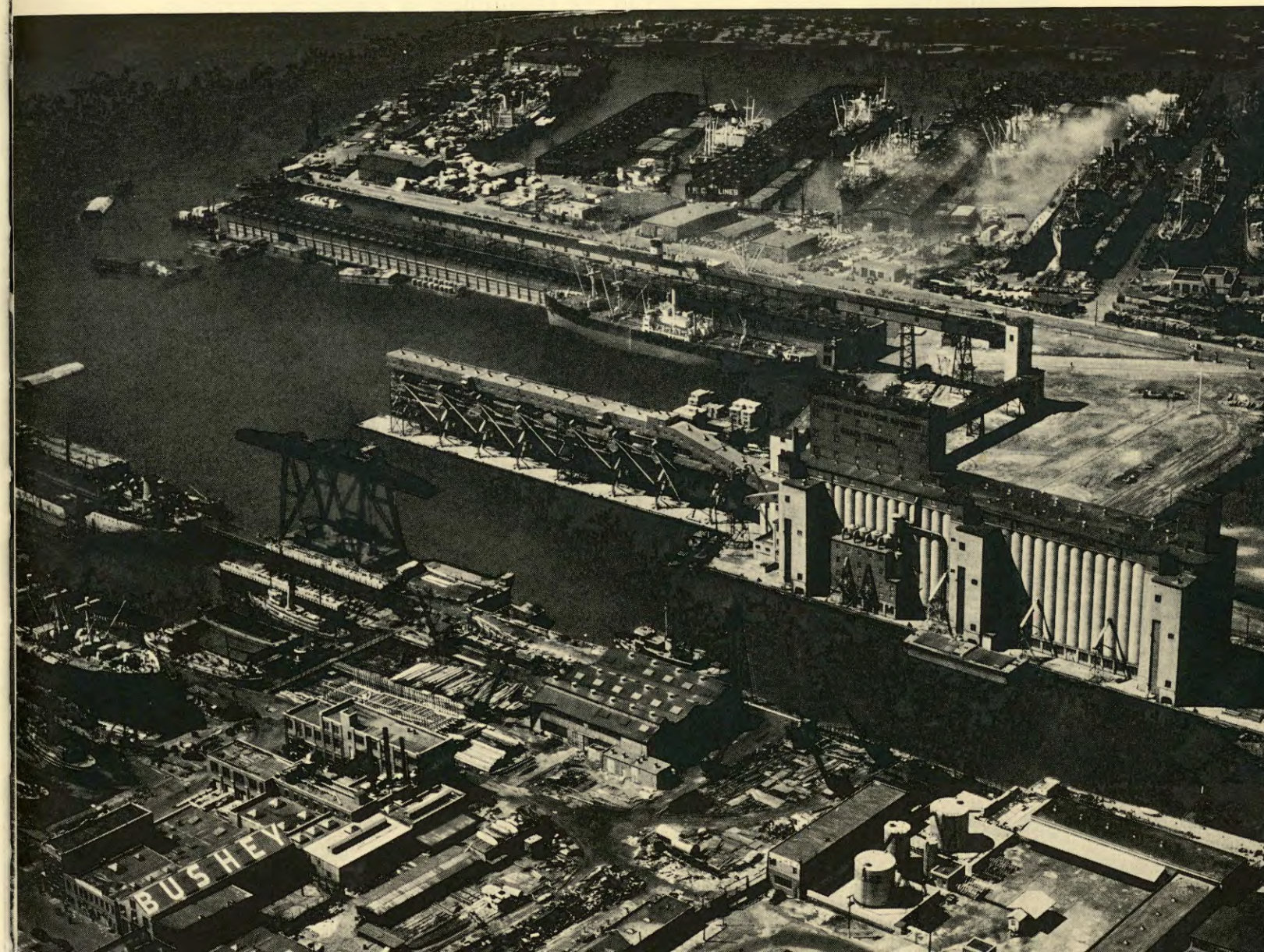
Seventy-four vessels utilized the Columbia Street Pier for a total of 417 ship days. In 1948, 297,898 tons of freight were handled, as compared with 302,252 tons in 1947. The use of the pier was, of course, adversely affected by the longshoremen's strikes on the East and West Coasts.

Under our preferential permit system, berths for which no ships were scheduled by the permittee lines for periods of more than fourteen days were made available to non-permittee steamship lines to assure maximum occupancy. Under this system, five vessels operated by steamship companies other than Fern and Isthmian Lines utilized the Columbia Street Pier for a total of sixteen ship days.

Public Open Storage Area

About five acres of the upland area at the Grain Terminal property not being used by the permittee steamship lines at the Columbia Street Pier, were made available as a public open storage area. The availability of this space was publicly announced, and it has been awarded to Beard's Erie Basin, under a two-year lease to start in 1949, on the basis of anticipated usage of the property for storage of lumber and other products, including New York State Barge Canal freight.

PORT AUTHORITY GRAIN GALLERY, on Gowanus Bay, Brooklyn, seen from the air, with its Grain Loading Gallery projecting out from the terminal. Beyond the gallery is the Columbia Street Pier operated by the Port Authority. During 1948 the Grain Terminal handled 3,732,000 bushels of wheat, rye and flaxseed. The Columbia Street Pier was used by seventy-three vessels which handled nearly 240,000 tons of freight in 1948. This pier is one of the few in New York Harbor to have been rehabilitated since the war.



NEW YORK CITY WATERFRONT PROGRAM

The Port Authority on February 19 presented to Mayor William O'Dwyer, in response to his request of October 20, 1947, a proposal for financing, constructing, rehabilitating and operating New York City-owned piers and other waterfront facilities.

Our proposal included in a \$114,000,000 port development and improvement program, the construction in downtown Manhattan of the world's largest Produce Terminal and a general plan for the relief of street traffic congestion along the waterfront and in the west-side market area. It also included the building of four large union railroad carfloat stations, the construction of six new steamship piers, the modernization of fourteen existing piers, and the rehabilitation of fifty-six additional piers and wharves.

On September 15, 1948 the Board of Estimate voted to carry out a City-financed port improvement program, proposed by the Department of Marine and Aviation, and to reject the Port Authority proposal. On December 3, however, Mayor O'Dwyer requested that the Port Authority review its previous proposal and submit to him another report early in 1949. We agreed to supplement our original report, and at year's end the matter was the subject of study by our Staff and consultants.

Under the Port Authority plan it was estimated that over a forty-one-year period, the time required for the amortization of all the Port Authority bonds issued for New York City pier purposes, the City would receive from the Port Authority rent totaling about \$208,000,000. The Port Authority estimated that there would be an annual average net revenue of \$6,555,000 from the City's pier facilities over forty-one years. During the first twelve years of the lease, all of the net revenues over and above the Port Authority's debt service and statutory reserve of 10 per cent on pier bonds would be paid to the City. After this initial period, by which time it was estimated the Port Authority would have invested \$114,000,000 in reconstruction of the municipal piers, the City would receive 75 per cent of the net revenues, or an estimated average annual rental payment to the City of about \$5,072,000.

Under the terms of a fifty-year lease, the Port Authority would guarantee to pay the City \$22,783,000 to cover the amortization and interest on the debt-limit-free City Dock Bonds maturing in 1960. The port development and improvement program would be financed through the sale of Port Authority Revenue Bonds.

The New York City waterfront expansion proposed in the report to Mayor O'Dwyer took into consideration the possible development of piers on the New Jersey shore at points immediately accessible to direct rail connections with the trunk-line carriers serving the Port.

Benefits to the Port and the City of New York

As the Mayor indicated in his letter of October 20, 1947 requesting us to undertake the waterfront survey and submit a proposal, it is of the utmost importance to the people of the Port and the City of New York that the City waterfront facilities be efficient, modern, and capable of handling with speed and dispatch the cargoes of the latest and most modern types of vessels. There is no doubt that the realistic proposal outlined in our report would have a constructive effect upon the economic life of the whole Port District.

In the past few years serious public concern has developed over the need in our great natural harbor and producing center for efficient and adequate steamship piers, railroad piers, and food and fuel terminal facilities. It is a fact that one out of every ten persons gainfully employed in the Port of New York is, directly or indirectly, dependent upon the Port for a livelihood. Obviously, the improvement of these port installations will be a determining influence on the future employment of the people of the metropolitan area. Improvement of the Port will also help hold down the cost of living and of doing business in New York and New Jersey.

Our plan for port improvement would effect savings to the general public, to shippers, and to carriers of over \$25,000,000 a year. In addition, there would be many intangible benefits that would decrease the cost of living and of doing business in the metropolitan area, and that would increase employment. The reduction in the hazard of waterfront fires, theft and pilferage at piers would provide significant improvements in the operation of the Port.

The Union Produce Terminal alone would effect a reduction of \$9,000,000 a year in the fresh fruit and vegetable bill of the people of New York City and of other metropolitan communities.

The deepening of bulkhead structures and the development of space for 1,700 trucks to load and unload cargoes at one time within the pier and bulkhead structures and entirely off West and South Streets, would afford a great measure of traffic relief in the crowded waterfront areas of Manhattan.

The provision of truck boulevards twenty feet wide to handle traffic inside the

piers, and the location of the Union Produce Terminal entirely over the water, would be among the additional contributing factors to traffic relief. The Produce Terminal would be augmented by a paved parking area.

All of these improvements would reduce to a minimum truck delays at steamship piers and waterfront railway stations that now cost metropolitan and inland users of the Port of New York about \$8,750,000 a year, and seriously affect the volume of inland trade using the New York gateway.

The Port Authority estimates that the establishment of efficient shipping accommodations in the Port of New York would reduce pier operating costs and expenses in connection with vessel delays in the Port by about \$7,250,000 a year.

The handling of railroad nonperishable carload freight at union carfloat stations would save carriers about \$1,640,000 a year. In addition, 820,000 square feet of waterfront space would be released for improvements.

Our comprehensive program would not interfere with normal operations of the Port. Our improvements, as outlined, would be made over a period of about twelve years. The twelve-year plan would allow for the time that would be required to work out the necessary fundamental reorganization of the City's waterfront. It would also take advantage of construction cost averages over the next twelve years.

Critical Need for Port Improvement

We informed Mayor O'Dwyer that the alternative to port development was a destructive postponement of improvements, and failure to meet the needs of commerce of the Port for modern facilities and traffic relief. We stated that an adequate port development program would require the expenditure of over \$100,000,000 as compared with the \$55,000,000 pier improvement program recommended to the City of New York by its Commissioner of Marine and Aviation.

The City of New York in the past has made large investments in its waterfront properties and at present has outstanding \$182,000,000 in Dock Bonds. Yet, according to the Department of Marine and Aviation, thirty-nine of the City piers are more than fifty years old — some, seventy years old. Eighty-nine of the piers are over forty years old. A survey by the Department indicated that seventy-one of the piers are in poor condition and sixty-three are in fair condition.

A detailed field investigation by the Port Authority of the condition of about 110 municipal piers disclosed that many of them cannot continue to have an earning capacity for even ten more years without costly rehabilitation. Four City piers which

previously earned \$338,000 annually had to be abandoned during the past four years, a period of intense demand for shipping accommodations. Seventeen other piers which earned \$1,750,000 in 1947 are in such poor condition that it would be impracticable to rehabilitate them. Fifty-six piers and wharves must be rehabilitated if they are to be maintained on a full earning basis.

The Port Authority informed the Mayor that the proposal submitted to him by the newly organized World Trade Corporation on October 16, 1947 for the improvement of the New York City waterfront was unrealistic, unworkable, and uneconomic.*

Financing the Waterfront Program

Executive Director Tobin, before the Board of Estimate on July 19, 1948, made the following statement on the Port Authority's financing of the New York City waterfront program:

"During the first twelve years of the leasehold term, while the Port Authority is going forward with the pier construction program at the rate of about \$10,000,000 a year, the City will receive all of the net revenues over and above debt service on Port Authority pier bonds as issued, and an amount equivalent to 10 per cent of those bonds which must be paid into our General Reserve under the laws of the two States. After 1960, when we will have invested some \$114,000,000 in the City's pier system, the City will receive 75 per cent of the net and the Port Authority 25 per cent. Over a forty-one-year period of the life of this original bond issue the average annual payments to the City would be \$5,072,000, and to the Port Authority \$1,482,000.

"The Port Authority has no power to tax or assess; we must look to all of our projects to be self-supporting. This 25 per cent participation of the Port Authority in pier revenues after the first twelve years is necessary to assure the successful financing of the proposal, to assure the continued modernization and rehabilitation of the piers during the fifty-year period of the lease, and to assure the City and those who will invest in the City's pier system, of the financial stability of the whole pier program, in periods of depression and adversity as well as in periods of prosperity. At the moment New York pier revenues are at a high level compared with what they have been over the past twenty-five years.

* On January 6, 1949, the World Trade Corporation recommended to the legislature that its affairs be liquidated and dissolved.

"The acceptance of our proposal would mean that the burden of carrying the pier system through the leasehold period of fifty years would be transferred to the Port Authority from the shoulders of the taxpayers of the City. There are many grave risks and possible waterfront disasters that we may have to face during the next fifty years. It is the Port Authority and not the City that will have to carry the burden of such risks or disasters.

"It is certain that over a period of fifty years large additional capital funds will be required to rehabilitate and further modernize the New York City pier system. In the case of the airports, we estimate that the original capital budget will have to be supplemented at the end of thirty years by an additional 65 per cent to cover the requirement at that time for reconstruction and for modernization.

"There is no doubt that substantial capital funds will be needed for the City's piers over and above the \$114,000,000 contemplated for expenditure during the initial twelve-year program. Under the terms of a lease the City will rightfully expect from the Port Authority a continuous program, over the fifty years, of rehabilitation and reconstruction. I am sure that the City would disclaim any willingness to meet or support such capital requirements during the years ahead of us out of its 75 per cent of the net revenues.

"Furthermore, at the end of the leasehold term the City is assured the return of a modern and efficient pier system free and clear of all obligation. Whatever value the Board may choose to place upon the possession at that time of such a modern pier system must be taken into account as a factor to be added to the City's anticipated revenues under the Port Authority proposal. During all of that fifty-year period the taxpayers of the City will not have been called upon to pay one cent for the maintenance and capital improvements of the City's waterfront.

"It was possible for the Port Authority to assume the financial responsibility for the City's airports, it is possible for us to go forward with the construction of the Port Authority Bus Terminal and Union Motor Truck Terminals for the relief of the City's problems of traffic congestion, only because the net revenues of our successful projects flow into reserve funds which may be pledged as security for new and necessary public terminal projects in the Port District. This support can only be looked to as a cushion during the development stage of any of these new projects, be they airports, piers, or terminals. Ultimately they must each pay their own way in the Port Authority system of pooled reserves. Only such a sound financial structure can assure New York City and the other cities of the Port District the continuance of

a sound regional program of self-supporting public terminal facilities that are so essential to the future prosperity of the whole Port of New York."

Plan of Waterfront Development

Our port improvement program was designed to be adequate and economically feasible. We were careful to estimate conservatively the needs of the Port. An examination of the demand for ship berths during four peak periods of New York harbor activity, namely, 1929, 1941, 1944 and 1947 revealed that in the entire Port of New York about 250 ships at a time sought berths for commercial cargo and passenger operations.

We modified this figure to conform to the present trend of trade and travel through the Port of New York on seagoing vessels. The increasing size and capacity of ships and the speed of cargo transfer between ships and piers should result in the need for fewer berths with larger and more efficient adjacent wharf area.

Among other Port statistics on which our estimates were based was the fact that over 3,500,000 tons of rail freight were delivered from or received at waterfront railroad stations in Manhattan in 1946, including about 1,250,000 tons of fresh fruits and vegetables. In addition, an almost equal amount of perishable foodstuffs came in by boat and truck. About 3,500,000 tons of coal are sold annually at retail in Manhattan alone. This great volume of bulk cargo is moved through twenty-eight yards by waterfront barge deliveries from terminals located in New Jersey.

Port Authority estimates of future pier requirements in New York Harbor are given in the tabulation on the following page. Coal and building-supply waterfront facilities would not be altered under the Port Authority's plan, and use and occupancy by New York City Departments of certain piers other than those shown in the tabulation would continue.

The Port of New York now has 129 Class A shedded berths, based on a minimum requirement of 90,000 square feet of shedded wharf area per ship to assure maximum efficiency of ship and pier operation. The Port has eighty-eight Class B shedded berths of less than 90,000 square feet but more than 45,000 square feet, each. Ninety-one Class A berths and sixty-eight Class B are used by commercial shipping. The City of New York and the Port Authority own sixty-eight Class A berths and forty-five Class B. The Port Authority estimates that New York Harbor requirements in 1960 will be 136 Class A berths and sixty-eight Class B, as follows:

<i>Class A Berths</i>	<i>Total</i>	<i>New York</i>	<i>New Jersey</i>
At present piers in steamship use.....	91	76	15
*Commitments for conversion or construction....	12	8	4
**Additional recommended by P.A.....	33	19	14
Total Class A Berths as of 1960.....	136	103	33
<i>Class B Berths</i>			
At present piers in steamship use.....	68	58	10
*Commitments for conversion or construction....	1	—	1
**Additional recommended by P.A.....	-1	-1	—
Total Class B Berths as of 1960.....	68	57	11

* Includes rebuilding of Pier 57 North River and Pier 8 Brooklyn, and release by Army of five Class A berths in Staten Island on New York side of harbor and Port Newark development on New Jersey side.
 ** Includes net change in New York City berths resulting from new construction and shifts in usage called for by the proposals in this report, plus Port Authority proposal to Hoboken of September 15, 1947 and estimated ten new future Class A berths in New Jersey.

Traffic Relief for New York Waterfront

The provision, under the Port Authority's pier improvement program, of no less than 1,700 new truck back-up spaces to accommodate 5,000 trucks a day entirely within pier structures, the widening of piers, and the general increase in efficiency of loading and unloading operations at the waterfront facilities, would greatly relieve the truck and through-traffic congestion on the Manhattan and Brooklyn waterfronts which today is costing shippers about \$8,750,000 a year. In addition, the Port Authority would provide a self-supporting paved parking area adjacent to the Union Produce Terminal that would accommodate 300 cars at one time.

Each of the 1,700 truck berths might be used three times in the period it now takes a single truck to enter a pier, pick up or discharge its freight, and find its way out of the pier and through the traffic jam.

Typical widths of new piers would range from 200 to 300 feet. They would have ample truck berths within the structures, or in recessed berths at the bulkhead to minimize waiting lines. Similar truck berths would be provided at the Union Produce Terminal and at the four union carfloat stations. Twenty-foot-wide U-shaped roadways within piers, with adequate turning space at the pier ends, would allow the unrestricted movement of trucks entering at one point and exiting at another. In Brooklyn, a new pier would have a truck ramp to the second deck.

The pier modernization program includes the opening at intervals of the facades of the Chelsea piers and the deepening of their wing bulkheads. In this manner, as

an average, sixteen to twenty-eight large tractor-trailers or city delivery trucks would be handled at each of these piers in berths completely off the Marginal Way. The usefulness of double-deck piers would be enhanced by the construction of hatches with high-speed electric hoists above each of the bulkhead loading berths to expedite the movement of cargoes between decks.

Union Produce Terminal

To fill a long-felt, critical need for a great central perishable-food market, the Port Authority proposed the construction of the world's largest Union Produce Terminal on the Hudson River waterfront in Manhattan at a cost of \$27,500,000. We believe that such a Terminal would assure an annual \$9,000,000 savings in metropolitan New York's food bill. Both cost and revenue figures include a 300-car, \$1,500,000 parking area adjacent to the Produce Terminal.

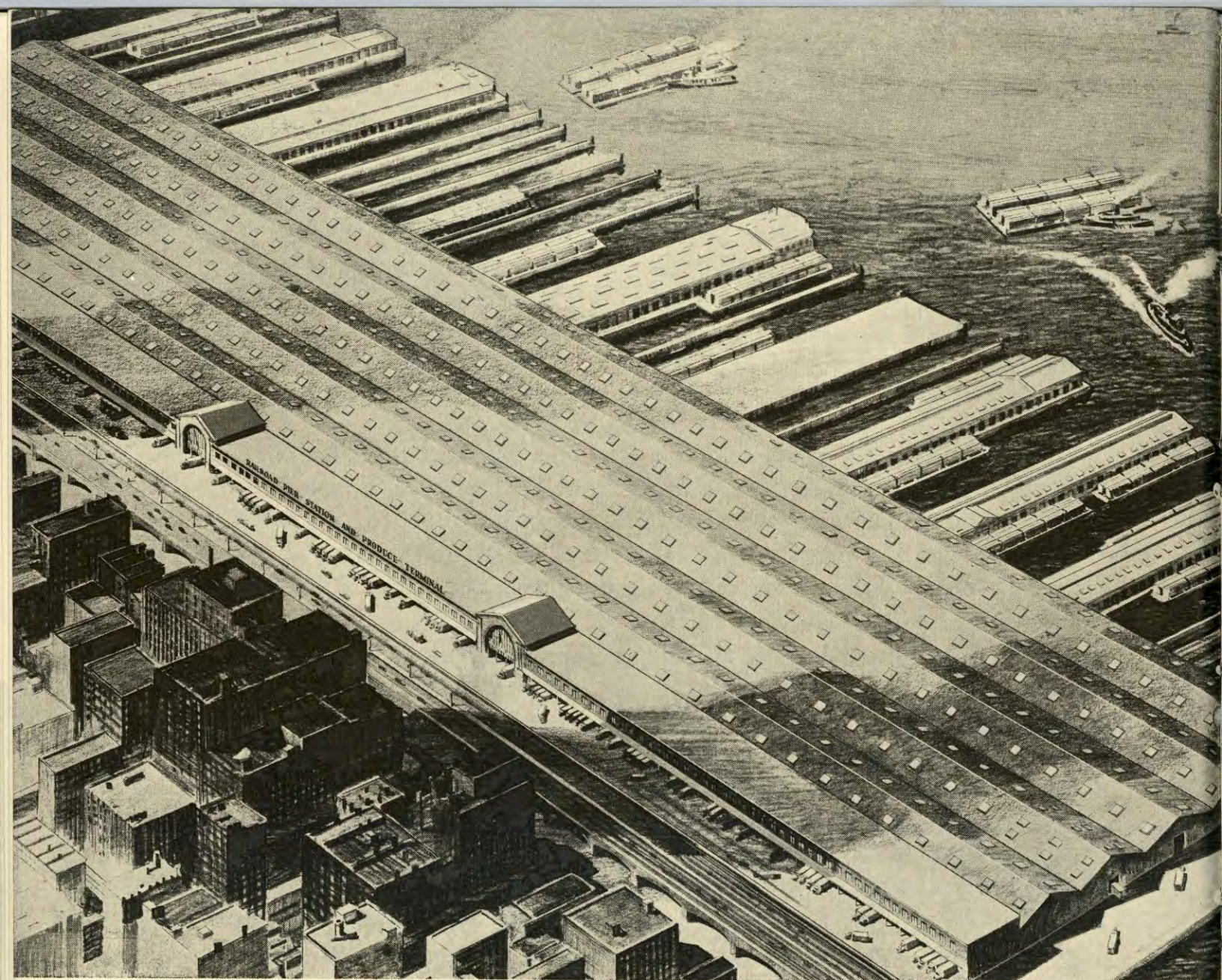
The Terminal and the adjoining parking facility would help eliminate the intolerable street congestion in the present Washington Street Market area.

To the south of the Produce Terminal, and combined with it structurally, would be a union carfloat railway station, which would operate as a railroad station for non-perishable freight. At street front and waterfront of this railroad station, trucks and carfloats handling produce could be accommodated during peak night activities in the Produce Terminal.

Most of the piers at the Produce Terminal site are now leased by the railroads for delivery of fresh fruits and vegetables. To the extent that it would be feasible, physically and economically, these piers would be incorporated into the Produce Terminal.

The unique structural and management features of the Produce Terminal would fill two of the most urgent needs for improving and modernizing produce handling in the Port of New York. First, they would provide for efficient and economical receipt and distribution of foodstuffs in the world's greatest consuming area. Secondly, they would furnish traffic relief in the most heavily congested streets in the Port District.

The face of the giant Terminal building would be forty feet behind the present bulkhead line. This widening of the Marginal Way in the market area would greatly relieve traffic. The Union Produce Terminal would have 434 truck back-up spaces.

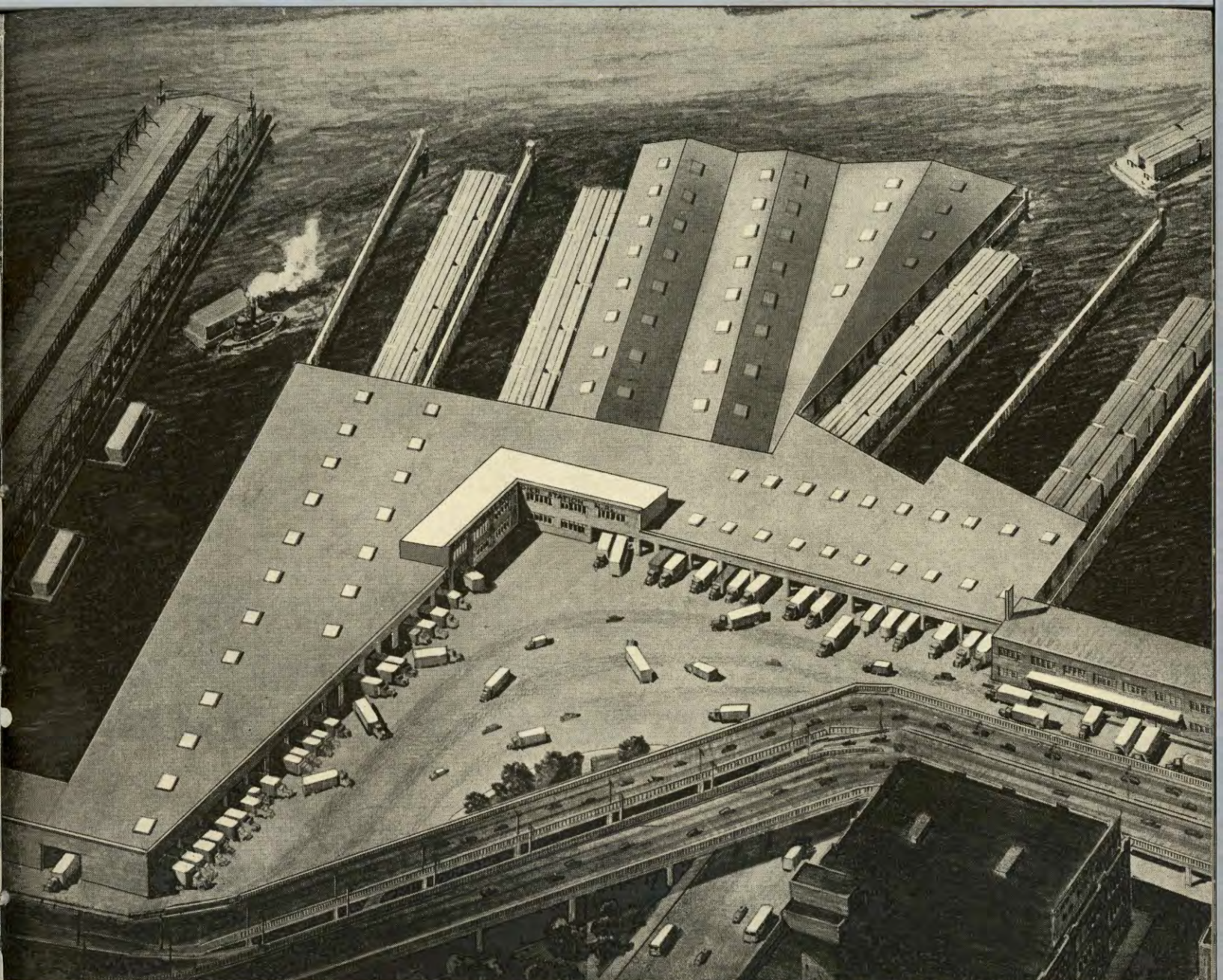


VAST \$27,500,000 UNION PRODUCE TERMINAL proposed under the Port Authority Pier Plan, to be built entirely over the Hudson River and in combination with one of the four union carfloat stations.

On the waterfront, Piers 25, 26, 27, 28 and 29 would be incorporated into the new facility, both structurally and operationally. Between these piers, tie-up racks for carfloats would be provided, furnishing, with the existing piers, thirty-six efficient carfloat berths.

Operation

The Port Authority would undertake responsibility for unified management of all produce-handling operations under union labor contracts. This would replace

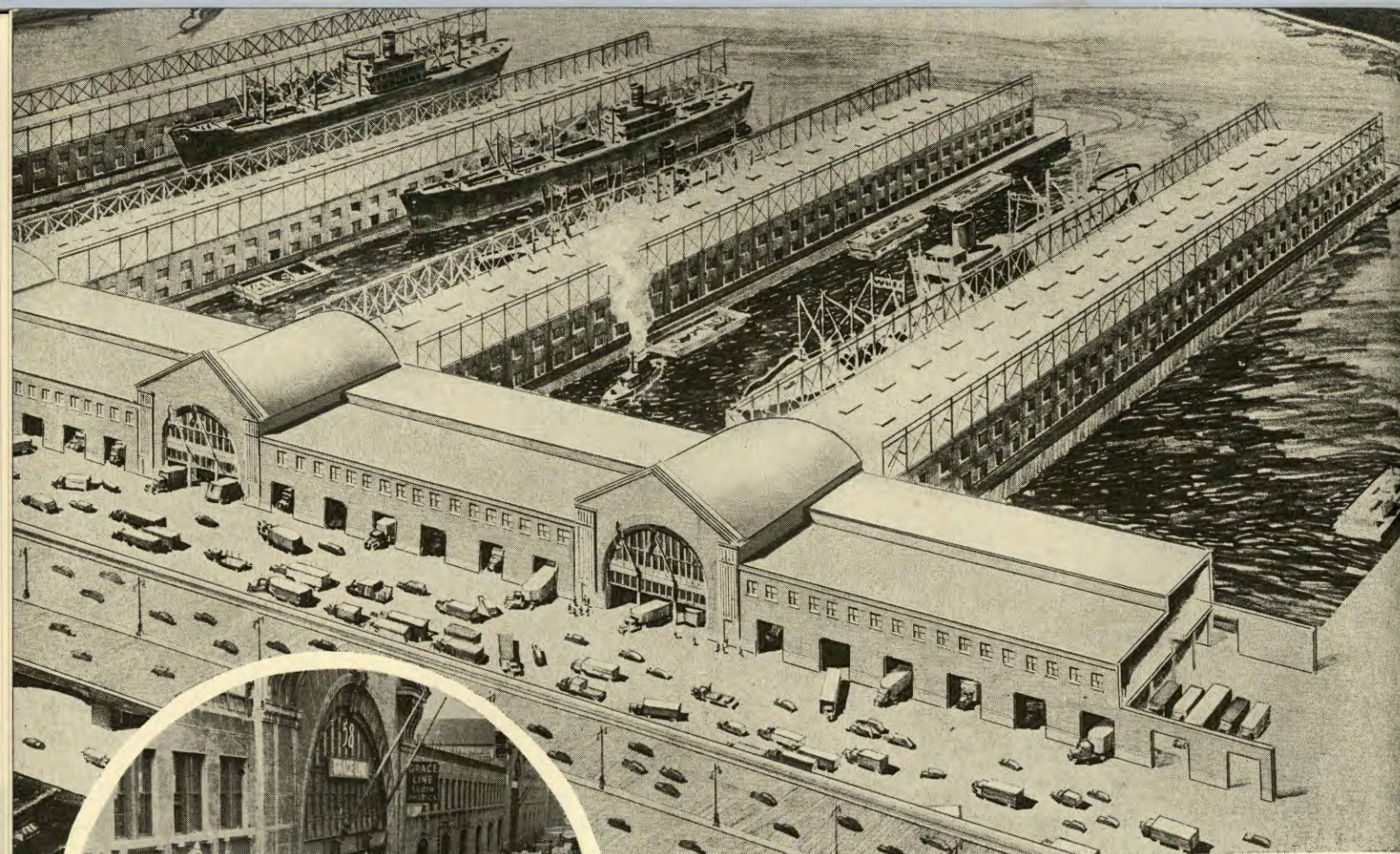


ONE OF THE FOUR great union railroad carfloat stations included in the Port Authority Pier Proposal, to be located on the Hudson River at the site of the former Twenty-third Street Ferry.

the scattered activities of railroads, truckers, auction companies, dealers, buyers and porter hand-truckers.

Terminal operation would be concentrated at one vast delivery, sales and sorting platform adequate to handle all phases of the produce marketing, from receipt of the merchandise to delivery to wholesale-jobber trucks.

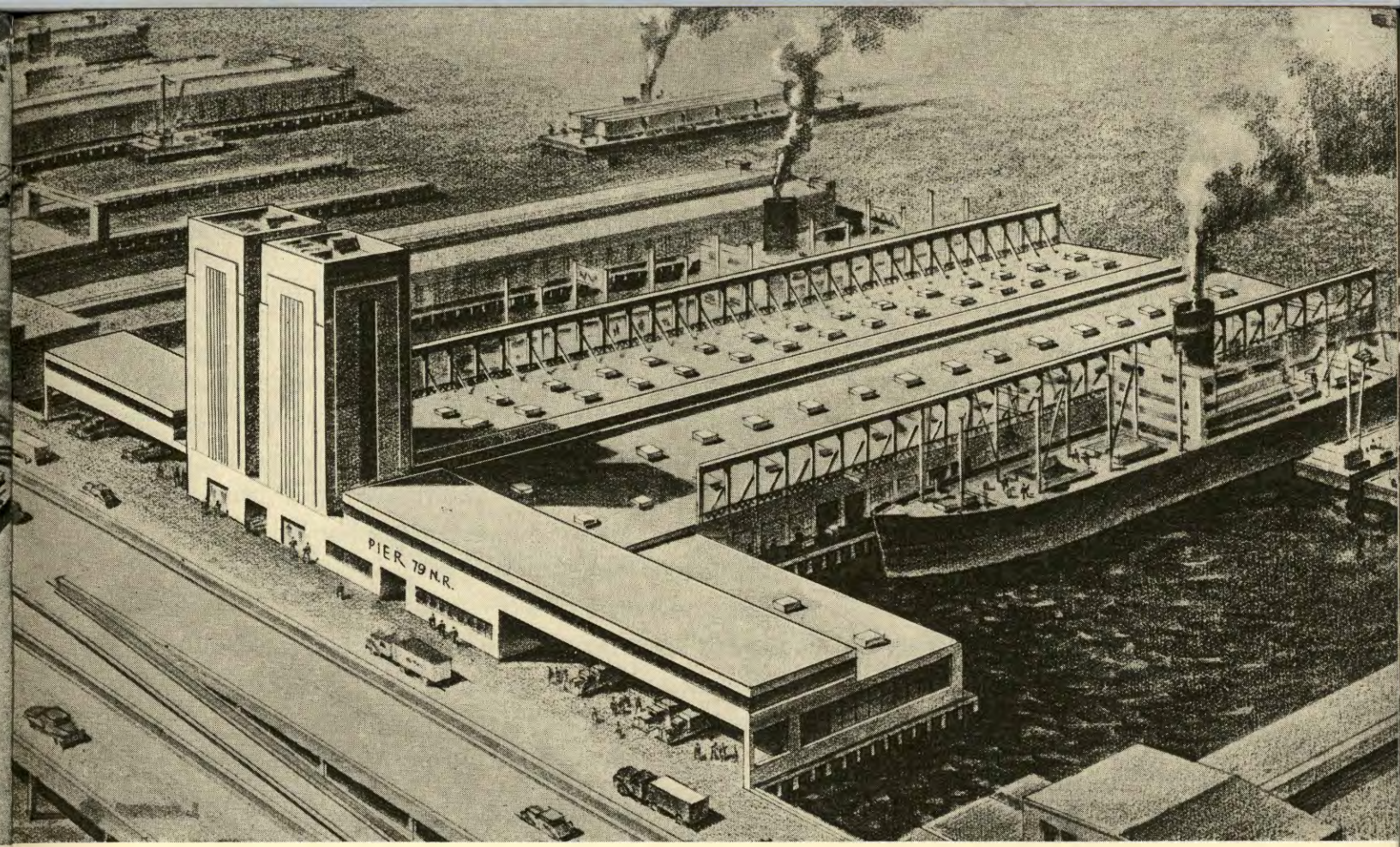
Ample space would be provided for sale and consolidation within the structure of all incoming fresh fruits and vegetables. Seventy per cent of this produce would be delivered at the truck tail gate on the street side of the structure, to buyers' trucks



TRAFFIC RELIEF for the waterfront would be afforded under the Port Authority Pier Plan through deeper bulkheads and new back-up spaces for trucks such as in modernization of these Chelsea Piers. Left: a typical scene today along the West Side Manhattan waterfront where waiting trucks, piled-up gear, and cargo unloaded on the street contribute to an average three-hour delay in truck delivery and pick-up.

going to the outlying secondary markets of Brooklyn, Queens, the Bronx, upper Manhattan, and New Jersey. The remaining 30 per cent of the produce would be delivered by tractor-trailer trains to the Washington Street stores to dealers serving the retail trade.

The fact that the Terminal between Duane and Watts Streets would be located over the water outshore from West Street, would reduce the cost of the market by making unnecessary the acquisition of extensive upland property eastward of West Street, which now returns to the City \$400,000 in taxes. The estimated value of the Port Authority site is \$4.30 per square foot, as compared with \$20.00 per square



PROPOSED NEW PIER 79, one of six great new piers that would be built under Port Authority Pier Plan, would span and protect the Lincoln Tunnel at foot of Thirty-ninth Street.

foot for property on the opposite side of West Street. In addition, locating the Terminal over the water makes unnecessary the closing of West and Washington Streets.

Traffic Relief for Market Area

At least two-thirds of the truck traffic would be eliminated from the intolerably congested Washington Street area with the construction of an efficient waterfront Union Produce Terminal.

Three main factors would make this traffic relief possible. First, the Terminal would be able to handle all incoming rail, boat and truck receipts, as well as all produce sales, sorting and consolidation. Secondly, produce would be delivered from the Terminal to the Washington Street stores by tractor-trailer trains instead of by large street transfer trucks. The third instrument of traffic relief would be the open 93,780-square-foot parking area for the accommodation of market traffic at night and general parking during the day. This parking area would cover two of the

blocks between West and Washington Streets near the southerly end of the Produce Terminal.

One-third of the perishable fruits and vegetables entering this market is carried by truck, and the proportion of truck haulage is growing. At present, trucks do not have access to railroad and waterfront terminals and they must turn to streets and to store fronts in the Washington Market area for their terminal accommodations. These street and store front "terminals" can handle only a third of the trucks seeking entrance to the Washington Street area and the twelve side streets between Hubert Street and Park Place. Trucks and tractor trailers longer than thirty-three feet are barred from entering this section, and are required to load and unload their cargoes on West Street and the Marginal Way.

Naturally, wasteful produce handling not only affects the general traffic situation, but adds greatly to the cost of handling and delivering food, and therefore, to the cost of living. It also depresses returns to shippers.

Four Union Railroad Carfloat Stations Would Be Provided

The Port Authority would provide four strategically-located union railroad carfloat stations on the New York City waterfront. To be built at a total cost of \$27,500,000, the stations would handle 2,000,000 tons of railroad carload freight a year at an estimated saving of \$1,640,000 to carriers. Construction of the union stations would permit a reduction of 820,000 square feet in the occupancy of existing New York City waterfront facilities, making such space available for needed pier improvements.

The new stations would provide a total of thirty-two carfloat berths and 807,000 square feet of net cargo area, for handling in the most efficient and economical way possible the railroad freight other than fresh fruits and vegetables (to be handled at the Union Produce Terminal) that now occupies thirty-five piers, leased by the railroads and operated as individual terminals.

Three of the union stations would be located on the Hudson. One would be immediately south of the Union Produce Terminal, and would be structurally a part of it, on the site now occupied by Piers 19, 20, and part of 21. The second would be located at the foot of Thirty-third Street on the waterfront, now occupied by two obsolete piers, 72 and 73. The third would replace the abandoned Twenty-third Street Ferry Terminal, and Chelsea Pier 62, a one-sided steamship berth.

The fourth station would be on the East River, extending from Broad Street to Old Slip, on the site of Piers 4, 5, 6, 7 and 8.

Port Authority Would Provide Six Great New Piers on the New York City Waterfront

Under the Port Authority proposal six great modern piers would be furnished on the New York City waterfront at a total cost of \$32,607,545, as follows:

Pier 79 would be constructed on the Hudson River at the foot of Thirty-ninth Street, and would protect the Lincoln Tunnel, which is under the river at this point.

Pier 40 on the Hudson River would replace the present Piers 40 and 41 at Clarkson Street.

Pier 36 on the Hudson River would replace worn-out Pier 36 built in 1881, and Pier 37 built in 1888 at Charlton Street.

Pier 37 on the East River would replace present Piers 36 and 37 at Clinton Street.

Pier 9 on the East River would be built at Old Slip and Gouverneur Lane on the site now occupied by Piers 9 and 11.

Pier 20, Atlantic Avenue, Brooklyn, would be built on the site of the old ferry slip and the ruins of a recreation pier.

Modernization of Steamship Piers

The Port Authority would modernize and rehabilitate fourteen Hudson River piers between West Tenth Street and West Twenty-first Street, in Manhattan, at a total cost of \$16,400,952. Our modernization program would improve cargo-handling facilities at the piers and would relieve the street traffic congestion along the waterfront. Three Class A berths would be added to the eighteen now available. Cargo-handling capacity would be increased by over 40 per cent, and cargo handling would be expedited by the installation of new hatches and hoists.

Back-up berths for 322 large tractor-trailers, or 404 city delivery trucks, would be provided by the improved piers. In addition to increased efficiency in cargo handling, the accommodation of trucks inside the pier structures would clear two traffic lanes on West Street, which is badly congested in this neighborhood.

Rehabilitation of Steamship Piers

The Port Authority proposes to rehabilitate fifty-six other piers and wharves at a total cost of \$10,717,000. Twenty-three are on the Hudson River and twelve on the East River in Manhattan, six in Brooklyn, thirteen on Staten Island, one in the Bronx, and one in Queens.

In general, the rehabilitation program would include the restoration of weakened substructures; replacement of fender systems; the repair of decks, roofs, sidings and doors, and painting. Water supply and electrical systems would be rehabilitated and fire protective devices installed.

Fire Protection

The Port Authority program included installation of fire protection and prevention devices on the New York piers at an average cost of some \$125,000 for each pier. These installations would incorporate recommendations of the New York Board of Fire Underwriters, the New York fire insurance rating organizations, the National Board of Fire Underwriters, and other experts.

New Jersey Waterfront Resurvey

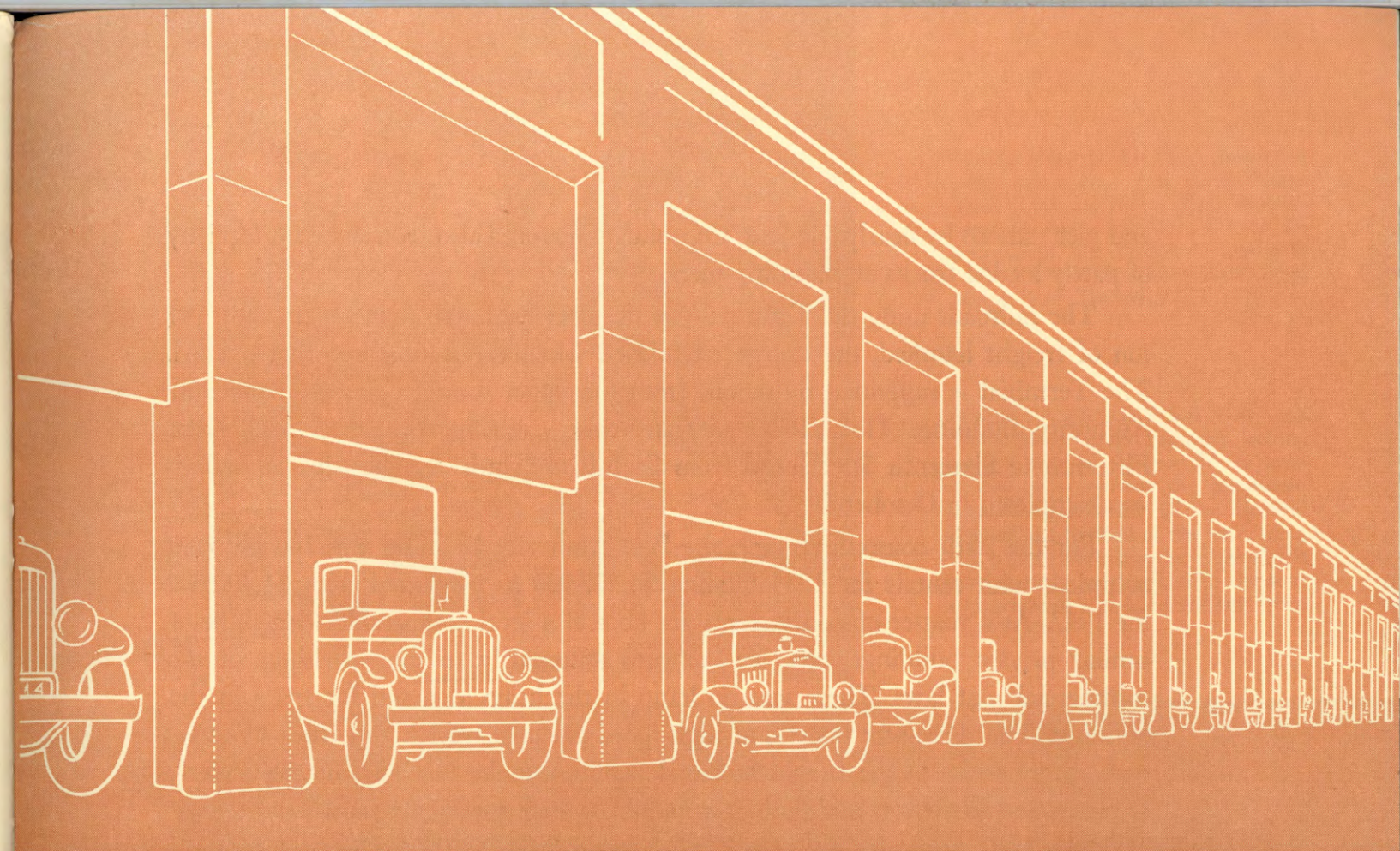
Governor Alfred E. Driscoll in November 1947 requested the Port Authority to resurvey the New Jersey waterfront within the Port District to determine whether it would be feasible and economic to improve the New Jersey shore with marine terminals. During the past year we completed the resurvey and in December 1948 the findings and recommendations of the staff were approved by the Commission. We expect to submit our report to Governor Driscoll early in 1949.*

On September 15, 1947 the Port Authority had submitted to the City Commissioners of Hoboken, New Jersey, at their request, a \$17,000,000 rehabilitation and construction program for improving the Maritime Commission piers on the Hoboken waterfront. This was reviewed and revised in May 1948 to take account of increased construction and interest costs. On July 20, 1948 the Hoboken City Commissioners rejected our proposal, leaving this potentially great section of the waterfront in the same state of emptiness and desuetude that has been its sorry state for the past thirty years.

Survey of the Waterfront of the City of Yonkers

At the request of the City of Yonkers, New York, in May 1948, the Port Authority is making a survey of the waterfront of that City to determine the possibility of marine terminal development there. At the close of the year a preliminary engineering survey had been undertaken.

* A report, "Marine Terminal Survey of the New Jersey Waterfront," was submitted to Governor Driscoll on February 10, 1949 and will be reviewed in detail in the Port Authority Annual Report for 1949.



RAIL, TRUCK AND BUS TERMINALS

Union Railroad Freight Terminal

Our Union Railroad Freight Terminal, located in the Port Authority Building, handled 237,763 tons of freight and express in 1948, as compared with 300,682 tons in 1947, a decrease of about 21 per cent. For l.c.l. freight alone, tonnage at the terminal declined 18.6 per cent under 1947.

This decrease reflected a continued downward trend of the movement of merchandise freight by rail to and from Manhattan, the decline at individual rail stations being greater than at the Union Terminal. Less tonnage was handled than during the heavy wartime and immediate postwar period, but it approximated the prewar peak of freight at this Union Terminal.

During the year we continued our efforts to bring about the end of the ban against the routing of export-import l.c.l. shipments through the Terminal. The lifting of this ban would permit concentration of small consignments of this type of freight at one consolidation point, and reduce transfer trucking costs between rail

and pier stations by nearly one-half. Consolidation would also reduce the multiplicity of partly loaded trucks at steamship piers.

The railroads using the Terminal pay the Port Authority a rent of 10 cents per ton of freight handled, the charge established when the station was first opened. The Terminal is supported by rentals from the upper fourteen stories of the Port Authority Building. This \$16,500,000 structure, covering the entire block from Fifteenth to Sixteenth Streets and from Eighth to Ninth Avenues in Manhattan, was completed in October 1932.

For the sixth consecutive year, the Port Authority Building was 100 per cent occupied, with rentals for 1948 totaling \$1,427,000 as compared with \$1,400,000 for 1947. As a matter of policy, rents are kept at a level comparable with those of similar private buildings, and we conform voluntarily to the provisions of the commercial rent laws. There was no letup in the heavy demand for space in the building. The three-acre floors and high-speed package freight and truck elevators with direct access to the freight terminal facilities, make the building particularly attractive to distributors and businesses requiring such special conveniences.

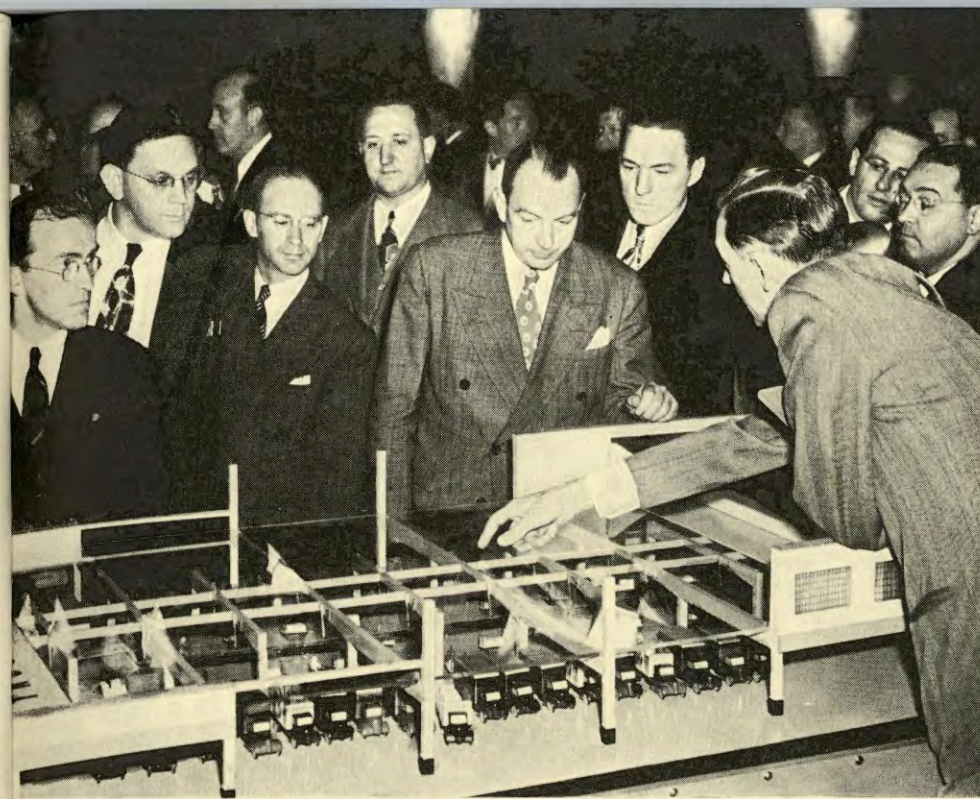
The Port Authority pays the City of New York \$60,064 a year to save the City harmless from tax loss under an agreement based on legislation recommended by the Port Authority in 1931. The legislation permits the payment of full amount of taxes received by the City from the land and improvements on the terminal site before it was acquired by the Port Authority.

Port Authority Union Motor Truck Terminals

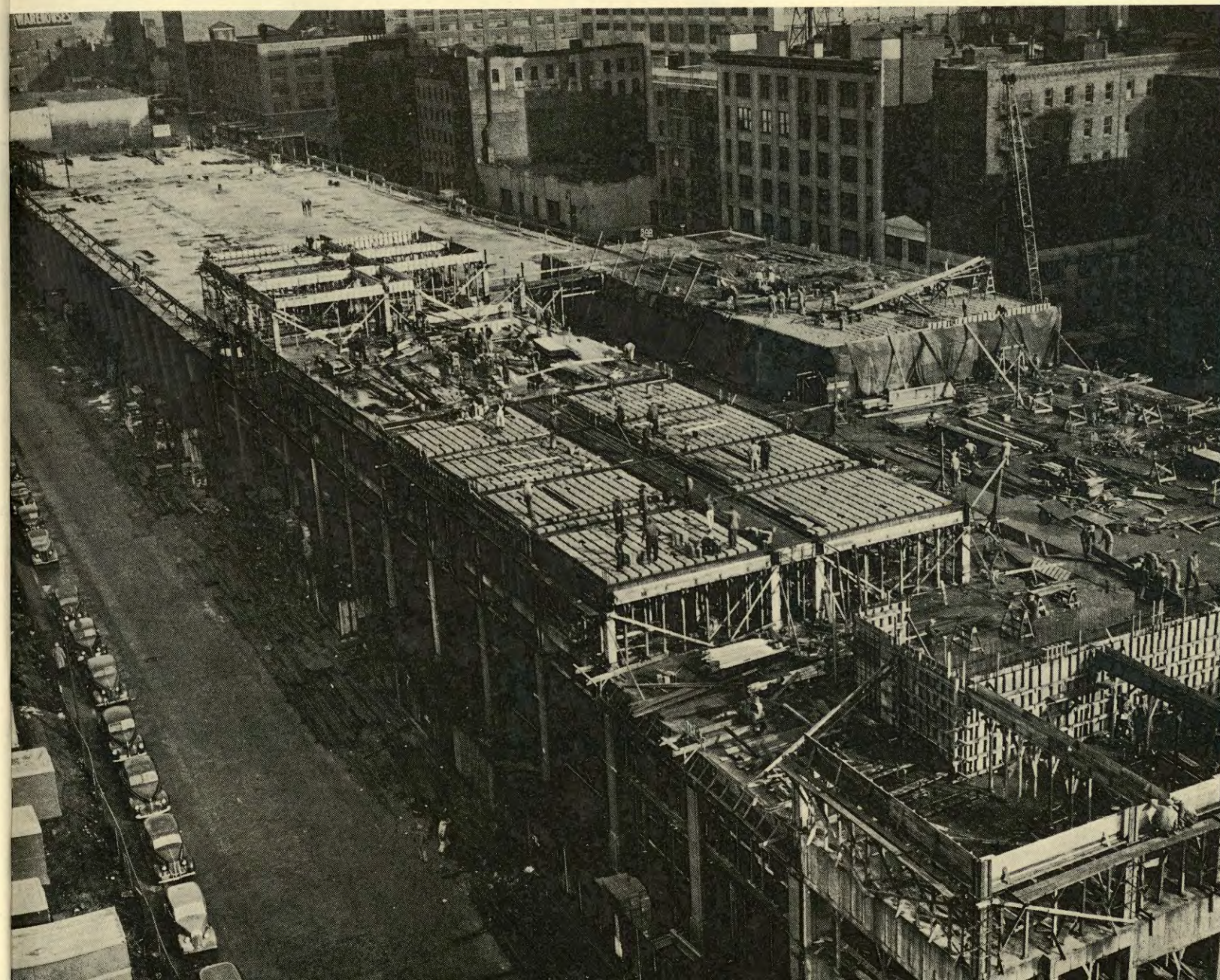
Fine progress has been made on construction of our two great Union Motor Truck Terminals, one in downtown Manhattan and the other in Newark. On June 24, 1948, cornerstones were laid at both terminals.

These Union Motor Truck Terminals will serve as central redistribution points, acting as "post offices" for truck merchandise freight. A great measure of traffic relief will be realized from their use, and costs to shippers and consumers will be held down.

The need for these Port Authority truck terminals is shown more clearly than ever before by the spectacular increase in the movement of merchandise freight by truck. In October 1948 truck usage in this country reached an all-time peak when two and one-half times as much tonnage was handled as during the similar period



TRUCKING OFFICIALS inspect a model of the New York Union Motor Truck Terminal at the Hotel Pennsylvania Luncheon June 24, 1948, on the occasion of the cornerstone laying at both the Newark and New York Union Motor Truck Terminals.



WORK IN PROGRESS at New York Union Motor Truck Terminal, looking north along Washington Street from a vantage point atop the Manhattan Ventilation Building of the Holland Tunnel. At the end of the year, when this picture was taken, the terminal was 30 per cent completed, with the start of operations scheduled for late 1949.



of 1938, 1939 and 1940. At the present time some 7,000,000 trucks are in use in the United States as compared with the prewar peak of 4,800,000. A Port Authority survey revealed that 45,500 tons of merchandise freight were handled by trucks into and out of the Port of New York on an average day in 1947, which is an increase of 7,000 tons a day over 1944.

Late in 1948 Newark Local 478 of the International Brotherhood of Teamsters, Chauffeurs and Warehousemen required over-the-road truckmen employing members of the union to sign contracts which could prevent these truckmen from using the Newark Truck Terminal. The successful operation of the Truck Terminal therefore appeared to be impossible. Representatives of the Local refused to meet with the Port Authority. On December 15 we cancelled our purchase orders for some \$850,000 worth of equipment required for the operation of the Newark Terminal, pending clarification of the union's attitude. We are, however, proceeding with the construction of the building itself, since contracts for this work are in force.*

Our truck terminals have aroused intense interest among truckmen and municipalities throughout the country, as well as in a number of foreign countries. Many out-of-town groups have visited the projects under construction in New York and Newark.

Port Authority Bus Terminal

At the close of 1948 the old buildings on more than half of the Bus Terminal block had been demolished. Ground will be broken late in January 1949 for the start of foundation construction. The \$20,000,000 Port Authority Bus Terminal, to be a vast union central station for the more than 2,500 intercity buses that daily enter the city, will be completed in 1950. It will occupy the entire block between Eighth and Ninth Avenues and Fortieth and Forty-first Streets. An overhead ramp connection with the nearby Lincoln Tunnel will relieve the city streets of the

*On February 15 the Executive Board of the International Brotherhood of Teamsters publicly expressed the view that it is desirable that forward-looking projects, such as the Port Authority's Union Motor Truck Terminals, be encouraged in order that over-the-road and local trucking operations should not be strangled by city street congestion and obsolete terminals. In addition, the Executive Board appointed a National Committee to study union truck terminals, with an assignment to consider first the operations of the Port Authority Union Motor Truck Terminals. In view of this favorable action, the Port Authority again placed orders for the equipment necessary to complete the Newark Truck Terminal.

LIGHT AND SHADE on deeply converging lines of steel: the dispatchers gallery under construction at the Newark Union Motor Truck Terminal. When completed, this gallery, suspended over the main floor sorting platform, will be occupied by dispatch offices of private trucking firms, where the heavy paper work involved in consolidating up to 2,500 tons of motor freight daily will be transacted.

movement of these huge buses. Designed as a major step in traffic relief for the seriously congested West Side, the Terminal will in time replace the existing scattered and unsatisfactory bus terminals in midtown Manhattan.

The Port Authority Bus Terminal will provide a great modern transportation center only a block from Times Square to serve the 60,000 New Jersey bus commuters and long-distance bus passengers who enter and depart from Manhattan daily.

We have received several hundred applications and inquiries from reliable and well-known firms eager to acquire store, shop and other concession space in the Terminal. Selections of the fifty terminal businesses that will eventually be installed, will depend on the ability of the applicants to serve the public, the quality of their merchandise, and their general business responsibility.

When it became apparent that because of the postwar housing shortage, many of the 600 residential tenants on the site of the Terminal would not be able to find new quarters, we requested and obtained legislation from the two States enabling us to provide housing for a number of these occupants. We appropriated \$1,700,000 to acquire and remodel vacant dwellings in Manhattan which, under the terms of the legislation, must be disposed of in 1951. From the run-down and semi-slum buildings, tenants are being moved into the newly remodeled houses. They are finding their clean new quarters equipped with gas ranges, refrigerators, modern bath and toilet facilities, central heating and hot water conveniences not existing in many of the houses now being evacuated.

Some of the 600 families who, with the 148 industrial tenants, occupied the bus terminal and approach site, have found places on their own. Others have been moved to temporary locations on the site which will not be cleared until a later date. About 225 families are being provided with new homes in the dwellings thus far purchased under our relocation program.

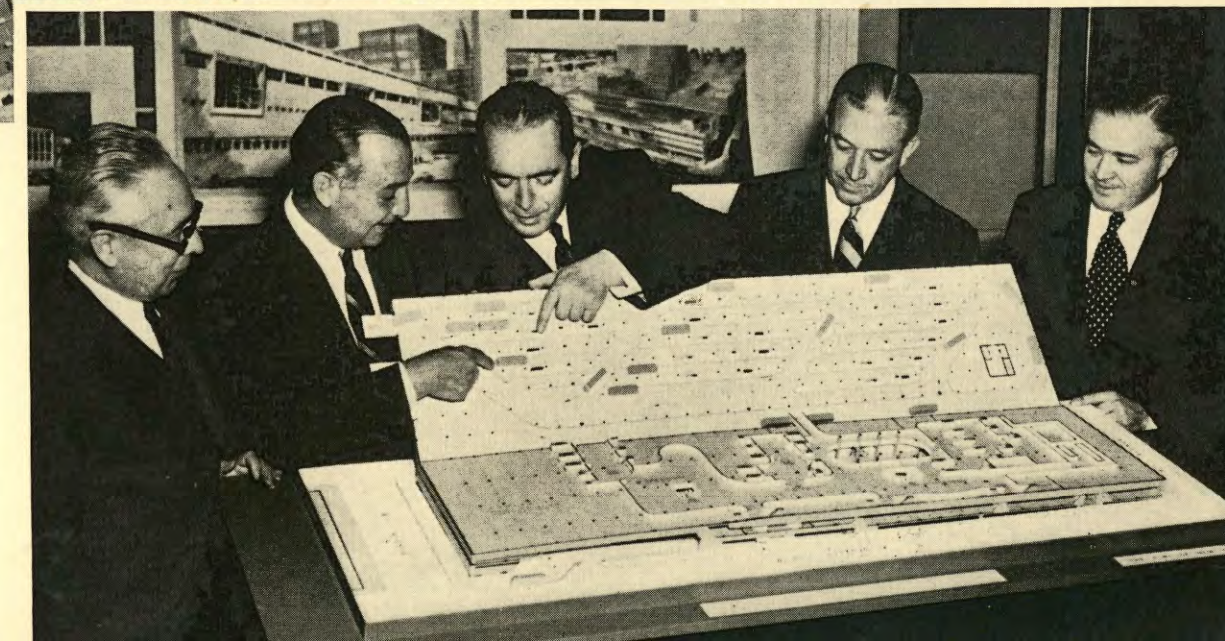
New Jersey Rapid Transit

At the request of Governor Alfred E. Driscoll, the Port Authority is surveying the possibility of developing a rapid transit system in Northern New Jersey that would provide improved transportation between the States of New Jersey and New York. Such a system would connect Newark Airport with the Pennsylvania electric line to downtown Manhattan and with the Susquehanna Transfer to buses operating through the Lincoln Tunnel to the new Port Authority Bus Terminal in midtown Manhattan. It would also eliminate the present ferry terminal operation of the

\$20,000,000 PORT AUTHORITY BUS TERMINAL, at right, as it will appear at Eighth Avenue end, and, below, the site it will occupy on West Side Manhattan, one block from Times Square, with overhead ramp connection to the Lincoln Tunnel. More than half the terminal site was cleared by the end of 1948, with start of excavation scheduled for January 1949.



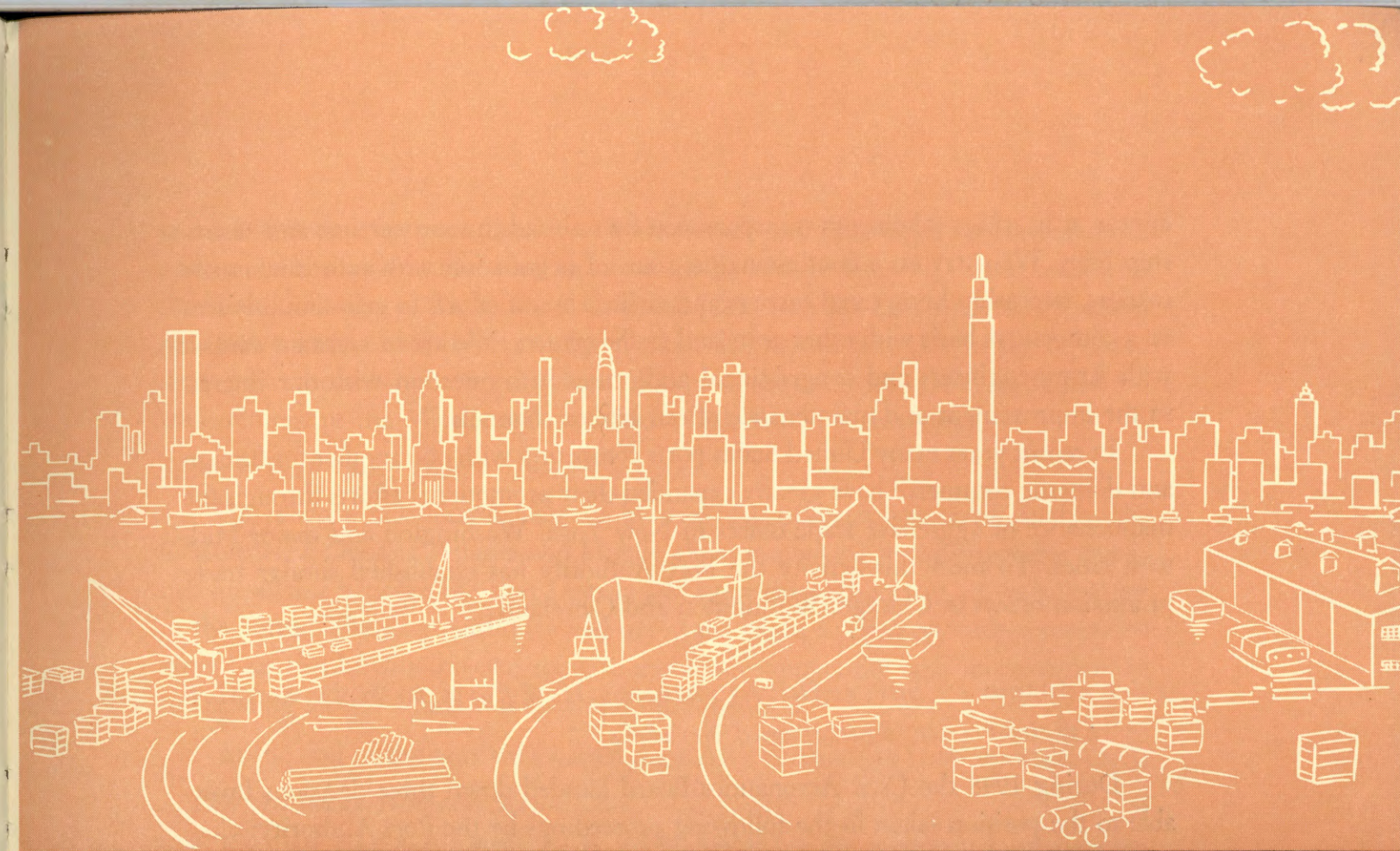
MAYOR WILLIAM O'DWYER at City Hall with a scale model of the Bus Terminal. Chairman Howard S. Cullman points out details to the Mayor (center) as Vice Chairman Joseph M. Byrne, Jr., Executive Director Austin J. Tobin and Port Authority Architect Walter P. McQuade (left) look on.



Central Railroad of New Jersey at Communipaw, a waterfront site, which would then be available in the future for more effective service as a shipping terminal.

During the year we met with Governor Driscoll on several occasions and presented to him progress reports on this transit survey. The Port Authority and the roads immediately involved, namely, the Pennsylvania Railroad, the New York, Susquehanna & Western Railroad, and the Central Railroad of New Jersey, jointly retained independent consulting engineers to make more detailed economic and operational studies of the rapid transit system. Their report is expected to be completed in 1949.

The survey of a north-south transit line in Hudson County, initiated at the request of the City of Bayonne, is going forward in conjunction with this transit study.



PORT PROMOTION & PROTECTION

Under the Port Treaty of 1921, the Port Authority is obligated to promote the commerce of the New York-New Jersey Port and to protect it against rate rigging. The importance of port commerce and waterborne industry to the people of the metropolitan area may be judged by the fact that the livelihood of one out of every ten persons employed in the Port District is derived from port activities. Port commerce and industry is the cornerstone of the economy of the harbor area.

Our activity in promoting and protecting the commerce of the Port has many ramifications. For example, we appear before the Civil Aeronautics Board to promote the establishment of the most direct and efficient air service between the New York-New Jersey region and air centers throughout the United States and the rest of the world. We also appear before the Interstate Commerce Commission to help assure proper rate structures on commerce moving into and out of the Port by rail.

We participate in proceedings before the United States Maritime Commission in connection with rates and practices relating to waterborne commerce, and we

appear at hearings relating to transportation by railroads, motor carriers and steamship lines. We carry on a continuous program of negotiation with railroads, motor carriers, steamship lines, canal carriers and airlines in our efforts to maintain this area on a competitive basis with other ports and traffic centers. We are in constant contact with Army engineers and congressional authorities in connection with our interest in the improvement and maintenance of our harbor channels.

In recent years many United States ports competing with one another for foreign and domestic commerce have greatly expanded their promotional efforts through the maintenance of aggressive trade offices in New York, Washington and major Midwest cities. To meet this activity the Port Authority has established similar trade promotion offices in Chicago, Washington and Cleveland.

Port Authority Successfully Continues Its Efforts to Help Develop Efficient Air Routes and Services

During 1948 the Civil Aeronautics Board handed down three decisions favorable to the position taken in the following proceedings by the Port Authority:

1. Air Freight Forwarder Proceeding

The CAB on September 9 announced a decision that closely paralleled recommendations made by the Port Authority in December 1946 for a maximum of flexibility in regulating the infant air freight forwarding business. Under the CAB regulation, freight forwarders, including those with surface carrier connections, will not be required during a temporary period of not more than five years, to obtain certificates of public convenience and necessity. They need only prove that they are fit, willing and able to perform such services in order to operate as air freight forwarders under "letters of registration."

2. Middle Atlantic Route Case

The CAB on February 19 added Trenton, New Jersey; Wilmington, Delaware; and Johnstown, Pennsylvania, to existing trunk-line air routes serving New York. It also established a new non-trunk-line service between New York and Buffalo-Niagara Falls by way of Binghamton and other points in southern New York State. In addition, it established a non-trunk-line route between New York International and LaGuardia Airports and near-by points in Long Island, Connecticut and Westchester County, New York. In a supplementary decision, the CAB established a non-

trunk-line service between the New York district and Pittsburgh by way of small and medium-sized communities, six of which had no previous air connections with the New York region. These decisions were in line with the Port Authority's recommendation for the establishment of non-trunk-line service between the metropolitan area of Northern New Jersey and New York, and the many small and medium-sized communities in the Middle Atlantic area which lacked such service.

3. New York - New Orleans Route Case

On January 27 additional service by way of Pittsburgh was certificated by the CAB to New Orleans, Atlanta and Mobile, thus establishing new competitive trunk-line air service between the Port District and these three important air traffic centers in the South. The Port Authority had urged the board to establish such competitive service on this heavily-traveled route to encourage competition and improvement in the existing service which was slow and infrequent.

At the end of the year we awaited the CAB's decisions in two important cases:

1. Pan American Domestic Route Case

The Port Authority urged the Board to establish a direct express route between the Port of New York and Miami, and between the Port of New York and Los Angeles and San Francisco. Establishment of these routes would furnish desirable direct single-carrier service between the New York district and many overseas points now served by Pan American out of other coastal terminals.

2. Avianca Case

The Port Authority favors the application of a foreign airline, Aerovias Nacionales de Colombia, for an air route between Bogota, Colombia, and the Port of New York, the natural terminus for present and future trade and travel to and from the North Coast of South America. There is now adequate traffic to justify the establishment of this route.

Port Authority Receives Permission to Intervene in Additional Cases

In 1948 the Port Authority received permission from the CAB to intervene in three cases, and its petition to intervene in a fourth case is still pending:

1. National Airlines Routes

The Port Authority was granted permission by the CAB on December 6 to

intervene in the investigation to determine whether the public interest would be served by the dismemberment of the routes of National Airlines, and the transfer of portions of these routes to other carriers. The Port Authority believes that the continuance of National as a single airline is essential to the air trade and commerce of the Port District; that National's routes constitute a logical air service pattern; and that historically National has operated an efficient air service.

2. Additional Service to Puerto Rico

In December we urged the establishment of additional direct air service between the Port District and Puerto Rico because of the strong community of interest between the two areas, and the passenger and cargo potential of such a direct route.

3. New York-Havana Nonstop Case

The Port Authority supported the application of National Airlines for permission to operate nonstop service between New York and Havana. Such direct service is already provided by Venezuelan Airline, but no American flag carrier has been in position to offer similar service.

4. Helicopter Service in the New York Area

The CAB has not yet acted on our petition for permission to intervene on behalf of the establishment of helicopter service connecting the airports in the metropolitan area with various outlying communities. Six applicants have requested authorization to establish such service.

Freight Rate Cases

During the past year the Port Authority was particularly active in carrying out its responsibility under the Port Compact to intervene in any proceeding that affected the commerce of the two States through the Port District. We participated in fifteen rail freight rate proceedings before the Interstate Commerce Commission, four proceedings before the Maritime Commission, and one before the New York State Public Service Commission. We made twenty appearances, filed four petitions and eleven briefs.

We also made twenty-five appearances at public hearings before railroad and motor carrier groups to advocate changes favorable to the Port or to oppose adoption of rates or practices that would discriminate against the Port. We participated in many meetings with barge operators to assist in the establishment of services that would attract new traffic to the New York State Barge Canal.

As in previous years, the Port Authority opposed the St. Lawrence Seaway project, although we took no position on the power phase of that project.

Interstate Commerce Commission Rate Cases

1. Borough of Edgewater Complaint on Shipline Rates

In September an I.C.C. Examiner upheld the Port Authority's position in support of a complaint brought by the Borough of Edgewater and Bergen County, to establish rates to Edgewater Docks, New Jersey, by all-rail movement. Lighterage movements to these docks are made at the basic New York Harbor rates, but traffic switched to the piers from near-by rail junctions is penalized because of failure of the participating carriers to establish joint rates such as apply via the Hoboken Manufacturers Railroad to the Hoboken piers, a few miles south of Edgewater. The Examiner recommended that reasonable rates be established on a level no higher than the rates applicable on similar traffic to Hoboken.

2. Canned Citrus Fruit from Florida to the East

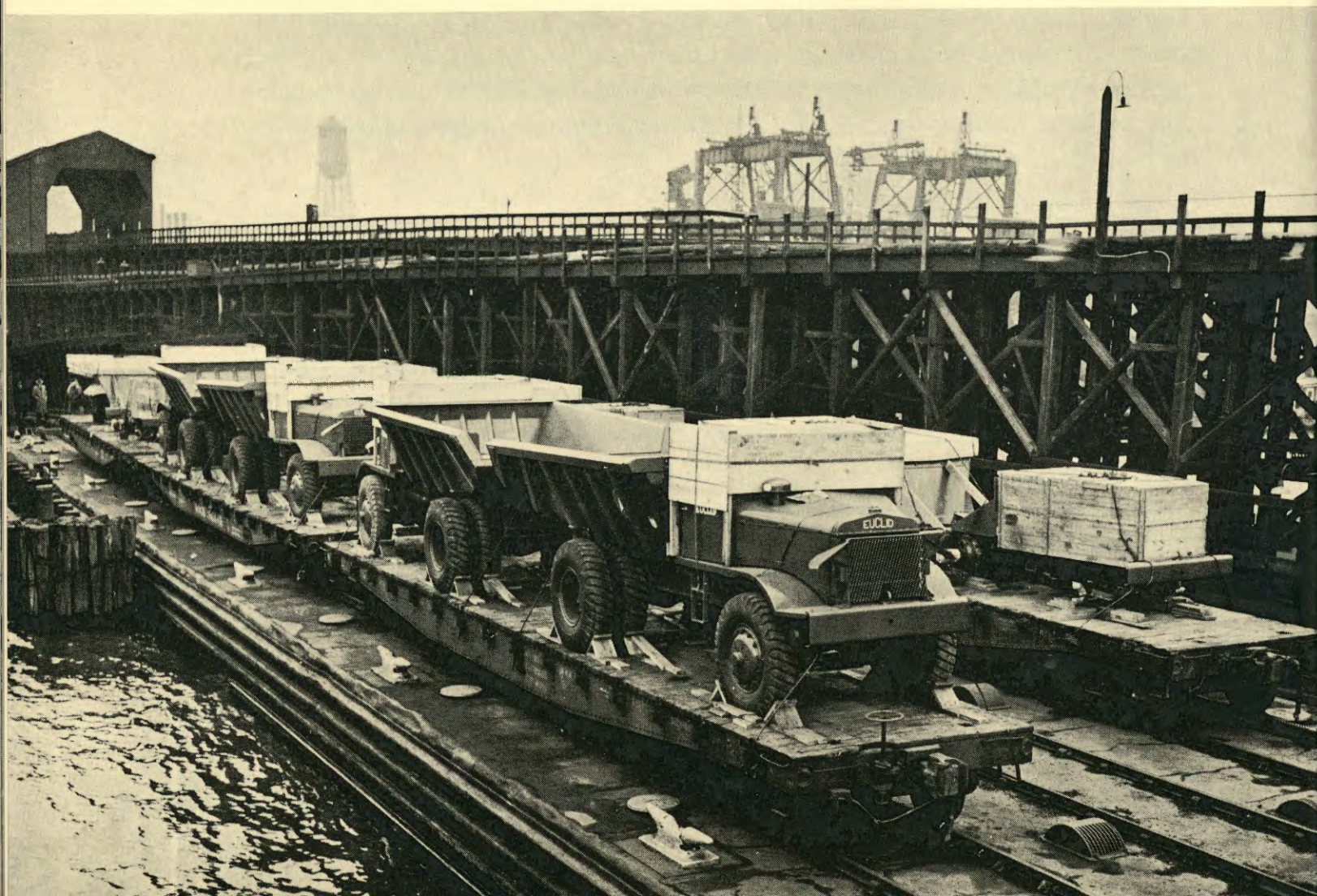
We opposed a railroad rate reduction on canned citrus fruit and juices from Florida to New York-New Jersey which would seriously affect the resumption of coastwise shipping. In an attempt to divert these commodities, the railroads applied for rate reductions in this trade at the same time that they were seeking increases in rates on other commodities. The I.C.C. in August permitted the reduced rail rates to become effective.

3. Motor Carrier Rates in New England

In January the I.C.C., adopting many of our recommendations, ruled that the direct shorter mileages, including those by way of the Bronx-Whitestone and Triborough Bridges, must be used in fixing truck rates between New England states and outlying sections of the Port District. The Commission turned down the request of the motor carriers to construct rates by adding "arbitraries" to the mileages to lower Manhattan. Proposed increases in the charges for deliveries to steamship piers were also disallowed.

The I.C.C. in August sustained our opposition to a petition by the New England Motor Carriers to vacate the I.C.C. order and to increase the charges at New York on traffic from Vermont and New Hampshire. We have for ten years urged the adoption of rates for motor carriers between New England and the Port District, to

VIA PORT OF NEW YORK . . . heavy machinery manufactured in Cleveland moves through the Port of New York gateway en route to France. Here a shipment of dump trucks and other road machinery, still on flatcars, is moved by carfloat from the D.L.&W. railroad tracks at Hoboken to shipside in Brooklyn where it will be lowered into the hold of a freighter. Port Authority Trade Promotion Offices in Chicago, Cleveland and Washington promote routings via the Port of New York by keeping shippers informed of services, sailings, new methods and savings in handling costs, and other economies available at our Port.



follow a practical and fair grouping as between the various sections of the Port District, which would not discriminate against zones outside of Manhattan.

In connection with motor carrier applications for increased intrastate rates wholly within New York, the Port Authority testified before the New York State Public Service Commission against adding extra charges to outlying sections of the district.

4. Deming Rates, Ocean-Rail to the Southwest

The I.C.C. in August provided that water carriers in the future may apply the so-called Deming rates for water-rail service between New York-New Jersey and the Southwest. These are necessary to permit coastwise lines from this Port District, in conjunction with southwestern railroads, to compete with all-rail service from Chicago to the Southwest.

5. Railroad Proposal for Increased Freight Rates

Successive percentage increases in the general level of railroad rates have disrupted the usual port relationships in cents per 100 pounds, New York-New Jersey Port District versus Gulf ports, on traffic from the Central West. The I.C.C. has ordered restoration but the mechanics of tariff publication have slowed up these readjustments. Through negotiations with the railroads, the Port Authority secured readjustment of the key rates (Ex Parte 166).

In the current case (Ex Parte 168) involving further railroad applications for a general rate increase, which will be heard in early 1949, the Authority will present a formula for automatic readjustment in port relationships by a new process of tariff publication.

6. Florida Ports' Complaints Against Rate Differentials of Other South Atlantic and Gulf Ports

The I.C.C. in August upheld its Examiner's report agreeing with the Port Authority's position against rate differential advantages sought by certain Florida ports as compared with the New York-New Jersey Port District. The commerce of this Port, particularly in regard to traffic to and from Cuba and Caribbean islands and Central American and South American countries, would have been adversely affected by the differential advantages sought by these Florida ports.

7. Export Rates on Iron and Steel

The I.C.C. in November upheld the Port Authority's position against disruption

of port relationships on export rates for iron and steel as between North Atlantic ports and Gulf and South Atlantic ports.

8. *Investigation of Middle Atlantic States Motor Carriers' Increases*

Following the settlement of the New York truck strike in October 1946, we protested against the tariffs filed by the various motor carrier groups, increasing New York rates above those of competitive ports where similar wage settlements had been effected. The I.C.C. failed to suspend these tariffs but agreed to investigate the increases of the Middle Atlantic States Motor Carriers. In April 1948, the motor carriers requested the I.C.C. to discontinue the case. The I.C.C. agreed to this in June, except with regard to the lawfulness of the area arbitratives.

9. *Motor Carrier Commercial Zones*

When motor carrier regulation became effective in 1935, Congress exempted from the application of this regulation wholly local delivery operations within bistate metropolitan areas contiguous or adjacent to large cities. The definition of the New York Commercial Zone and more recently of commercial zones adjacent to large New Jersey cities has never been satisfactorily determined. The Port District has been split. During the year the I.C.C. agreed to reopen the question of defining the exempt area on petition of the Port Authority and various chambers of commerce and trucking organizations.

10. *Rail vs. Water Rates to South Atlantic Destinations*

In several proceedings over the years, the Port Authority has been successful in its efforts to prevent the establishment of rail rates on mixed carloads to destinations in southern states that would prevent resumption of competitive coastwise shipping. In June, however, the I.C.C. permitted the establishment of such rates since none of the interested water carriers had resumed operations.

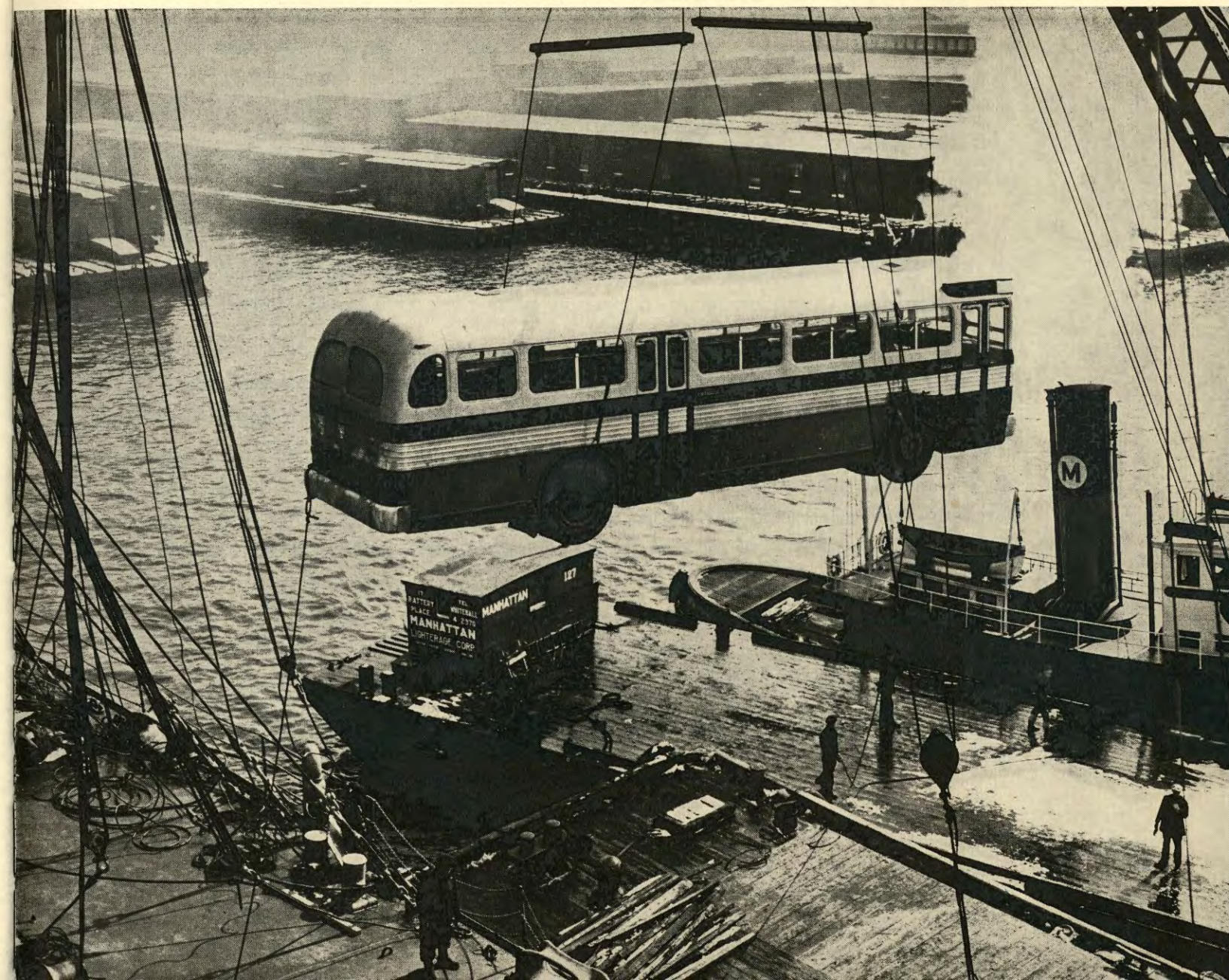
11. *Increased Minimum Charge per Shipment on Pier Deliveries*

The I.C.C., in accordance with the Port Authority position, in November denied permission to the Middle Atlantic States Motor Carriers to make an added charge of 50 cents per shipment on pier deliveries of small-lot freight. Such freight was already subject to an additional penalty charge at New York-New Jersey piers.

12. *Consolidated Southwestern Cases*

The Port Authority intervened in support of the position of coastwise steamship lines operating between New York and Gulf ports in protesting the application

WELFARE OF THE PORT DISTRICT depends largely upon a continuing heavy flow of foreign trade—such as this shipment of buses from Buffalo to Brazil. In addition to promoting new commerce, the Authority also takes an active part in protecting the Port's competitive position by helping to remove existing rate penalties and opposing new regulations that would discriminate against the Port of New York. Port Authority traffic experts are constantly negotiating with committees of the various carriers and appearing on behalf of the Port before regulatory bodies such as the Interstate Commerce Commission, the Maritime Commission and the Civil Aeronautics Board.



of certain nonoperating coastwise lines for an increase in water-rail rates between the New York-New Jersey area and the Southwest. Such an increase would have placed New York and the eastern industries at a considerable disadvantage in competition with Midwestern industries for the Texas market.

13. Increased Less-Carload Shipline Rates, Eastern Territory

In October the I.C.C. upheld the Port Authority's position in opposition to the application of eastern railroads for revision of their class rates on less-carload shipside traffic within eastern territory. The I.C.C. report quoted in part Port Authority testimony to the effect that such increases would place the Port of New York at a further disadvantage as compared with South Atlantic and Gulf ports for which no similar increases were proposed.

14. Unloading Charges for Fruits and Vegetables at New York Pier Stations

We asked for reconsideration by the I.C.C. of its October 1948 decision approving the establishment of unloading charges on fruits and vegetables at New York pier stations. Such charges would not only add substantially to the food bill of the people of New York, but might also open the door to an added charge on all deliveries to pier stations where the freight cars must be unloaded to make their contents accessible to consignees.

United States Maritime Commission Cases

In 1948 the Port Authority participated in four proceedings before the United States Maritime Commission in connection with rates and practices relating to waterborne commerce.

1. Free Time and Demurrage Charges in the New York-New Jersey Port District

In October the United States Maritime Commission reversed its Examiner's recommendation for an increase in the free time allowed for import freight to remain on piers at the Port of New York. In several respects this recommendation coincided with our own. It adopted our suggestions for the easing of present regulations on demurrage charges, and for making allowance for special conditions beyond control of the consignee which delay removal of cargo from piers, such as extreme weather and strikes.

In April the Maritime Commission Examiner had recommended the modification of the restrictive free-time regulation which frequently places the Port of New York in an unfair competitive position as compared with other ports where

the free-time period is of greater duration. In 1947 we had asked the Maritime Commission to provide seven days' free time at New York and New Jersey piers for general cargo, and ten days for coffee and cocoa beans. At present there is a five-day allowance in most trades and six days in others. We advised the Commission that the reduction in free time induced by wartime congestion at the piers, was no longer necessary.

2. Port of New York Freight Forwarders Investigation

The report of the Maritime Commission Examiner in May 1948 adopted in its entirety the Port Authority's recommendation that certain minimum regulations be established for freight forwarders, not only in the New York-New Jersey Port area, but at other United States ports. In general, freight forwarder associations agreed with the recommendation, and Midwest shippers enthusiastically endorsed it. Among other things, we urged that regulations be designed to protect shippers against the unreasonable practices of some forwarders. A final decision is awaited.

3. Seatrain Proposal for Reduced Rates, New Orleans-Havana

We opposed a proposal of Seatrain Lines for a sharp reduction in its rates to Havana from New Orleans, without similar reductions via its New Jersey terminal. Diversions of traffic from competitive inland territory were threatened. Subsequently Seatrain Lines withdrew its proposals, leaving the rates the same at both ports.

4. Ocean Bills of Lading, Incorporation of Freight Charges

During the latter part of the year, the Maritime Commission Examiner's report recommended against a proposed rule requiring that rates and charges for ocean transportation be shown on bills of lading, available to the consignee or shipper, indicating doubt of the Maritime Commission's jurisdiction in this matter. The Commission, on its own motion, had begun hearings in the fall of 1947 on this question. The Port Authority supported the adoption of such a requirement in order that the shipper might be protected from "padding" of the charges by intermediaries. The Freight Forwarders Association had also approved the proposed rule.

Other Proceedings Before the I.C.C.

We protested in June against the proposal of the John I. Hay Company, the Inland Waterways Corporation, and the American Barge Lines Company for sharply reduced rates on sugar moving by barge between New Orleans and Chicago. These

reduced rates affected the movement of this important commodity from North Atlantic ports to the Midwest. The I.C.C., however, declined to suspend the rates.

In July we asked the I.C.C. to suspend a new rule adopted by railroads serving the Gulf ports to permit the mixture of less-carload shipments, both export and domestic, to form carload shipments. When the I.C.C. failed to suspend, we urged the eastern railroads to adopt a similar rule on freight to North Atlantic ports to meet the competitive situation.

In September we protested against the elimination by the southern rail carriers of transit charges on freight stopped at Gulf ports for export crating, packing, and preservative treatment. When the I.C.C. declined to suspend this action, the Port Authority urged a similar rule for the Trunk Line Railroads to meet the competitive situation.

In line with our usual practice, we participated in all cases before the I.C.C. which affected the competitive position of the New York-New Jersey Port District. In many cases we were successful. In others, particularly some relating to rates and practices of carriers serving the Gulf ports, the decisions went against us. In such cases the eastern railroads were urged to meet the situation.

Carrier Committee Hearings

We appear frequently at carrier committee hearings in the interest of the New York-New Jersey Port District. In many instances our testimony has prevented actions by railroads, motor carriers or steamship lines, that would be injurious to the commerce of the Port.

Following our request that proposed increases on export grain rates to North Atlantic ports be held up unless and until corresponding increases are put into effect in South Atlantic and Gulf ports, the eastern railroads dropped the proposal.

Following advice that a Midwest firm would divert the movement of its knocked-down tank cars for export from New York unless the extra lighterage charge on such cargo was eliminated, the railroads in November amended their tariff rule to permit free lighterage on one or more cars, and to apply instead of a lighterage charge a heavy lift charge which is satisfactory to the exporter.

In March the Middle Atlantic States Motor Carriers reduced extra charges at the Port of New York, improving considerably the rate relationships between New York-New Jersey and other ports.

The southern railroads agreed to cancel subnormal commodity rates which had

been established during the war to divert freight from eastern territory to Gulf ports during the period of intense submarine activity in the North Atlantic.

We were successful in persuading the railroads to amend their harbor tariffs so that free lighterage rules were made applicable to export of truck-trailers, thus preventing diversion to other ports.

We recommended that eastern railroads establish rates on carloads of canned milk for export similar to those established during the year on a reduced basis at the Port of New Orleans.

During the year Baltimore and Philadelphia rates for free time and storage on certain commodities were revised to bring them more nearly in line with charges at the Port of New York, in accordance with a prewar I.C.C. order to all North Atlantic ports to adopt uniform free-time and storage rates on certain commodities.

Trade Promotion Offices

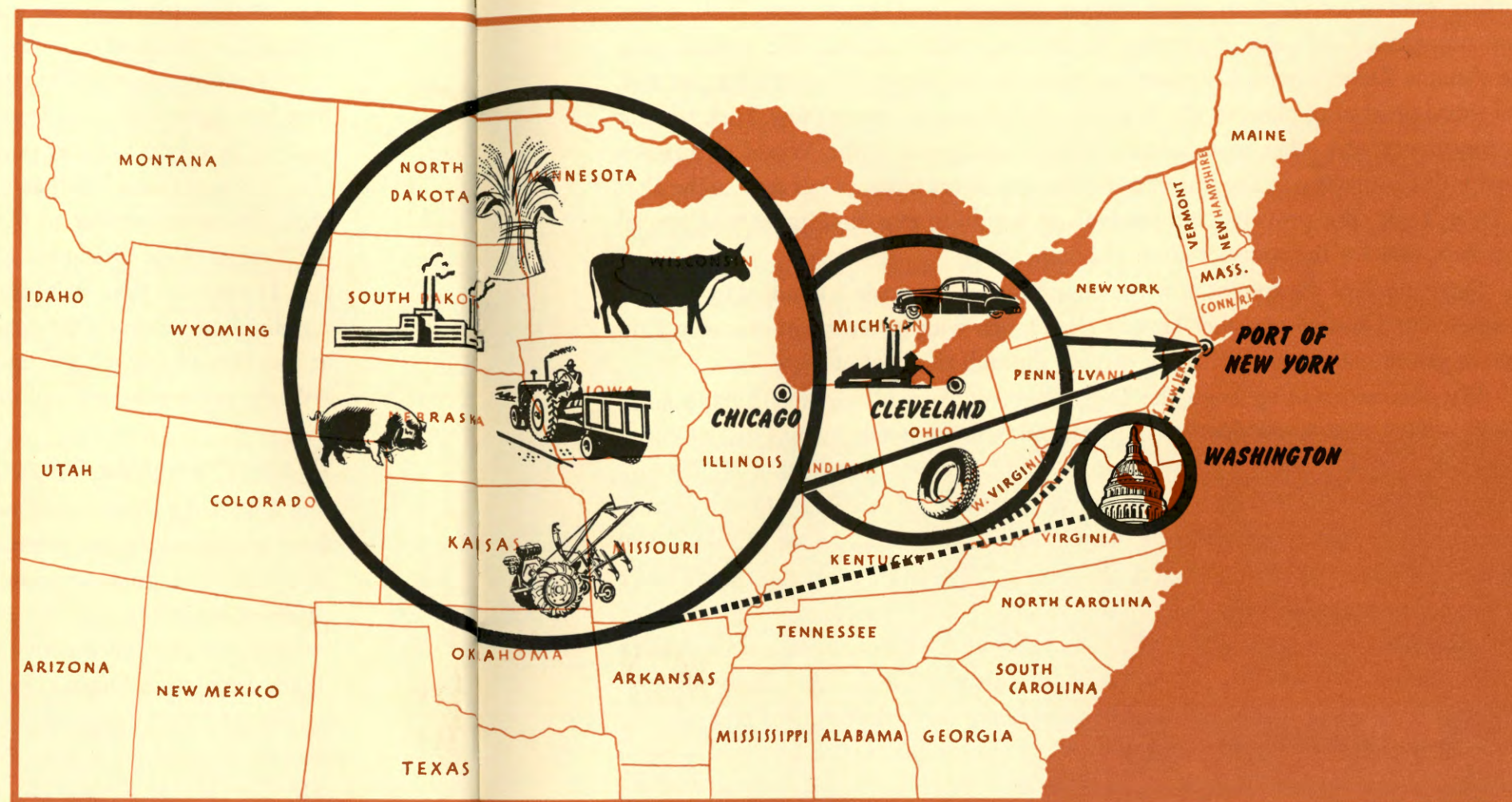
Under the direction of our New York Trade Promotion Office, we now have three out-of-town trade promotion offices, two of which were established during the past year. The great success of our Chicago office in promoting the movement of Midwest trade through the New York-New Jersey Port District encouraged us to broaden our promotion activities, and on September 1 we established our Washington Trade Promotion Office. The keen competition of United States ports for the great volume of foreign shipments controlled by the Federal Government made it obvious that the Port of New York required on-the-spot representation if it were to get its fair share of this commerce.

An office in Cleveland was established on November 1, and immediately it became the center for trade promotion services in the great industrial area of Ohio, Indiana, Michigan and western Pennsylvania.

Since opening in 1945, our Chicago office has devoted much of its time to keeping the Midwest exporters, importers and shippers advised on up-to-the-minute conditions in the harbor. This was particularly true when strikes resulted in harbor embargoes. The Chicago Trade Promotion Office has continued to handle hundreds of requests monthly for assistance, advice and information on services and facilities in the New York-New Jersey Port, as well as on the best methods for handling shipments through the Port.

The following examples represent a small cross-section of typical service to shippers and receivers in the Midwest area: rate information and assistance on the

FLOW OF FOREIGN TRADE through the Port of New York is vitally dependent upon two great freight areas in the United States—the territory west of the Mississippi from which food-stuffs flow to all parts of the world; and the central territory from which flows heavy industrial freight and to which come heavy imports. With increasing shipment overseas of commodities by the Federal Government, Washington has also assumed a more important role in the routing of foreign trade. To inform and assist shippers, the Port Authority maintains Trade Promotion Offices in Chicago, Cleveland and Washington. At the same time, Port Authority traffic experts continue negotiations with carriers to maintain the Port's competitive position. They intervene in every rail, marine and air proceeding that bears upon the welfare of the Port District.



movement through the Port of New York of onions from Alexandria, Egypt; sugar from Cuba for reshipment to Tangiers; scrap iron from Germany; canned goods to Barbados and fresh vegetables from Antwerp.

The Chicago office gave advice on the movement of seven carloads of contractors' machinery from Havana through New York for St. Paul; on "Freedom Train" movements for the relief of Palestine; on the shipment of secondhand books from United States schools and other institutions to Philippine libraries; to a large meat packing concern wishing to make additional use of the New York Foreign Trade Zone; on storage facilities in Brooklyn for three carloads of radios and refrigerators to be exported by a Chicago manufacturer.

We helped in the development of new business, trade and commerce for the New York-New Jersey Port by working closely with large Midwest companies which are planning major shipments overseas or new large-scale importations from abroad. We gave special assistance to the shippers of equipment to be used in a \$150,000,000 steel plant to be built for the Argentine Government at San Nicolas. Assistance was also given to a Chicago firm on shipments for a new cottonseed oil plant to be built in Lima, Peru.

Detailed studies of rates and services were furnished during discussions on the possibility of moving Hawaiian canned pineapple by way of the New York State Barge Canal and the Great Lakes to the Midwest. Close contact was maintained with

a major mail-order house to assure routing through the Port of New York, rather than through a Gulf port, of supplies for its new stores in Brazil. We worked with the Panama Development Company on plans for the construction of a lumber mill and wood-processing plant in the Republic of Panama, to assure New York routing on machinery and other materials. Assistance was given to the World of Friends Food Gift Committee in the transfer of their shipments from a Gulf port to the Port of New York. We provided information on handling export shipments of special type tank cars for the transportation of butane gas.

Since much of the freight now moving in the export trade is handled by Federal agencies, our Chicago manager kept in close touch with government offices in Chicago to assure maximum routing of cargoes through the Port of New York.

We obtained routing from the Department of Agriculture of 602,000 pounds of tallow fatty acid to be shipped from Cincinnati; from the Army Quartermaster Depot of 45,000,000 pounds of soya bean flour; from the Department of Agriculture of a large shipment of frozen eggs to Austria; from the United States Quartermaster Depot of 2,900 tons of soya flour, 5,100,000 pounds of canned meats and 4,500,000 pounds of bulk buckwheat; and from the United States Market Procurement Center of over 1,000,000 pounds of lard.

Many times the news of the lifting of an embargo following the settlement of a strike in the Port of New York was flashed to our Trade Promotion Office in Chicago for relaying to shippers well in advance of the transmittal of this news by any other source. For example, upon the settlement of the East Coast longshoremen's strike in November, word was passed on immediately to seventy-five Central Western industries, enabling them to begin loading cars a full day earlier than otherwise would have been possible.

In addition, the Chicago office prevented potential diversion of cargo from New York to other ports. In September we saved for shipment through the Port of New York several carloads of brass which were destined for Venezuela. The shipper had been given incorrect information to the effect that the Port of New York was closed to all traffic because of the embargo during the truck strike. He was planning to change the routing of this shipment through New Orleans when he was advised by our Chicago office that carload shipments could move through the eastern port. Similarly, in the same month, we prevented diversion of a shipment of seventy-five carloads of cheese and three carloads of machinery on which re-routing through a competing port had been planned owing to incorrect information on the embargo.

Our Chicago manager addressed many traffic and trade clubs, commercial organizations, college classes and other groups concerned with foreign trade, to promote trade and travel through the Port of New York.

Our exceedingly favorable experience in Chicago gave us a clear indication of the need for establishing a Trade Promotion Office in Cleveland which could serve the great industrial area of Ohio, Indiana, Michigan and western Pennsylvania. The office on its establishment immediately became a focal point for requests for assistance and inquiries on facilities and services in the Port of New York.

Following the pattern of the Chicago office, the Cleveland effort includes the



CLEVELAND'S MAYOR Thomas A. Burke welcomes the establishment in his city of a new Port Authority Trade Promotion Office. Chairman Howard S. Cullman, left, presided at the October 28 luncheon attended by nearly 600 foreign trade, shipping and other business officials of the area. The Cleveland office, supplementing the work of the Port Authority Chicago and Washington Trade Promotion Offices, assists shippers in its heavily industrialized area.

furnishing of up-to-the-minute information on harbor conditions and all possible aid in arranging for the shipment of cargoes between the Cleveland area and the Port of New York.

With control of the routing of much of the United States export freight now in the hands of Federal agencies which are responsible for supplies to the Occupation Forces, in connection with relief programs and the Marshall Plan, the Commissioners of the Port Authority believed it essential to establish a Trade Promotion Office in Washington, D. C. to assure maximum routing of goods through the Port of New York. The office works closely with Government traffic and transportation personnel responsible for the selection of ports through which United States shipments move, as well as with various foreign purchasing missions.

In its first four months of operation, the Washington office has fulfilled everything that was expected of it. It keeps informed on foreign shipments planned by the Government, and assists Government personnel through advice on rates, facilities and services in the New York-New Jersey Port.

Promotional Literature and Talks

We distributed 700,000 copies of our popular Metropolitan Road Map which was revised during the year. We also revised and distributed 500,000 copies of our Manhattan Parking Map, first issued in 1947, an important guide to parking regulations for the area between the Battery and Fifty-ninth Street.

In addition, we brought up to date our Harbor Terminal Map showing rail and steamship facilities in the Port District. A large part of the 50,000 copies was bought by the railroads at cost for circulation among their agents and shippers. At our Hudson River crossings and airports we distributed special strip maps showing recommended routes from the bridges and tunnels to La Guardia, New York International and Newark Airports.

During the year we filled ninety-six requests for speeches before traffic and trade clubs, civic associations, college classes, social groups and others, on the organization and activities of the Port Authority, as well as on the services and facilities available at the Port of New York.

In 1948, 2,275 United States and 100 foreign visitors inspected the Port of New York and Port Authority facilities as guests of the Authority. Our guests on these inspection trips included public officials and businessmen from France, Italy, Greece, Holland, Belgium, Poland, Portugal, Ireland, Egypt, various South American and

Latin American countries and the Belgian Congo. During World Trade Week we arranged a harbor inspection tour for five hundred local officials and others interested in foreign trade. A similar harbor inspection tour was arranged jointly with the New York Central System for more than 350 out-of-town convention delegates to the National Foreign Trade Convention.

New York Foreign Trade Zone

We continued our active support of the New York Foreign Trade Zone during the year. In May, we urged the House Committee to amend the Foreign Trade Zone Act to permit manufacturing and foreign exhibits in these zones.

New York State Barge Canal

Barge canal traffic increased almost 20 per cent in 1948 over 1947, representing the greatest usage of this New York water transportation artery since 1940.

During the year we worked closely with the New York State Department of Public Works, the Army Engineers and canal operators, in an effort to promote the use of the canal and to expedite the authorized program for improvement of the waterway with Federal grants. We discussed with shippers and canal operators the possible development of new types of waterborne tonnage.

Channel Improvements

The Port Authority in 1948 took an active interest in the improvements of our harbor channels. We recommended that the Army Engineers and Congress appropriate adequate funds for the authorized projects, and that the Army Engineers protect existing channels in relation to underwater and overhead clearances of bridges, cables and harbor lines.

Two important projects progressed toward final favorable recommendation by the Army Engineers. The deepening of a 6½-mile stretch of the important Arthur Kill channel, on which a hearing was held in 1945, was processed to the Chief Engineer's office in Washington. This channel, lying between Staten Island and the Woodbridge-Linden-Carteret section of New Jersey, is the last link of the New York-New Jersey channel for which authorization is required for a 35-foot depth. It serves the important industrial areas and refineries along its banks.

A proposal for the deepening of the Hackensack River channel above Newark to 32 feet, with a turning basin for colliers and other shipping above the Koppers

Coke Company plant at Kearny, has been recommended to the Chief of Engineers in Washington by the District and Division Engineers.

The Port Authority, acting with the American Merchant Marine Institute, urged Congress to survey the possibility of further improving the approaches to the Raritan Bay channel at the turn from the main entrance channels into Lower New York Bay. At this point tankers and other deep draft ships frequently encounter cross traffic from towed barges moving south across the ship channel. Senator Irving M. Ives has introduced a resolution in the United States Senate for the investigation of the desirability of dredging this area to provide adequate room for tows to turn without crossing the path of the tankers.

One of our most important efforts on behalf of channel improvements during the year was our campaign to obtain a more adequate allotment for the Port of New York of annual national appropriations for new river and harbor work, so that the channels already authorized by Congress could be expedited. A backlog of over \$20,000,000 of essential work is involved.

In the fiscal year 1947-48 only \$400,000 was appropriated for the Port of New York out of a national total of \$37,000,000. We appealed to congressional committees for a more adequate allotment in the 1948-49 budget. The New York-New Jersey Port District was allotted \$2,000,000 out of a national total of \$88,000,000, an insufficient amount for the work required for prompt completion of channels here on which industries, public agencies and shipping in the Port were basing plans for waterfront improvements.

The Port Authority and various maritime interests conferred with the Chief of Engineer's office on behalf of a required minimum budget of \$4,650,000 for the year 1949-50. The Bureau of the Budget, however, cut this recommended sum to \$3,550,000, although the national total was stepped up to \$145,000,000. Vigorous efforts are being made to secure the restoration in Congress of the \$1,100,000 cut by the Bureau.

ADMINISTRATION

Howard S. Cullman Re-elected Chairman, Joseph M. Byrne, Jr., Vice Chairman

By unanimous vote at their Annual Meeting on January 8, 1948 the Commissioners of the Port Authority re-elected for a third term as Chairman, Howard S. Cullman of New York City. At the same time, the Commissioners unanimously re-elected as Vice Chairman, Joseph M. Byrne, Jr. of Newark, New Jersey.*

Chairman Cullman, who served as Vice Chairman of the Port Authority for more than ten years previous to his elevation to the chairmanship in February 1945, was first appointed a Commissioner of the bistate agency by the late Governor Alfred E. Smith in March 1927. He was reappointed by Governors Herbert H. Lehman and Thomas E. Dewey.

Vice Chairman Byrne was first appointed to the Commission by Governor A. Harry Moore for a term beginning July 1934. He was reappointed by Governors Moore, Walter E. Edge and Alfred E. Driscoll.

John Borg and Horace K. Corbin Appointed Commissioners

John Borg of Hackensack, New Jersey, publisher of the Bergen Evening Record, was returned to the Board of the Port Authority upon appointment by Governor Alfred E. Driscoll on May 5 for a term to run to June 30, 1954. Commissioner Borg had previously served on the Commission from 1938 to 1945. The prominent publisher fills the vacancy created by expiration of the term of Howard R. Cruse of South Orange, New Jersey.

At the same time Governor Driscoll appointed Horace K. Corbin of East Orange, New Jersey, to fill the unexpired term of the late Senator Arthur Walsh. The term will run to June 30, 1953. Mr. Corbin is president of the Fidelity Union Trust Company of Newark and director of the Prudential Life Insurance Company and the Public Service Corporation of New Jersey.

* Chairman Cullman and Vice Chairman Byrne were re-elected to their fourth terms on January 13, 1949.

How the Commission and Staff Work

The twelve Commissioners of the Port Authority, six from each State, are appointed by the Governors of New York and New Jersey for overlapping terms of six years. They serve without compensation.

In the interest of administrative efficiency, matters requiring board action are originally handled by four committees, namely, Port Planning, Construction, Finance and Operations, which make recommendations to the full Commission.

The Chairman is ex-officio a member of all committees. Committee assignments are:

PORT PLANNING

Bayard F. Pope, Chairman
Charles S. Hamilton, Jr., Vice Chairman
Joseph M. Byrne, Jr.
Donald V. Lowe
Horace K. Corbin

FINANCE

Frank D. Abell, Chairman
S. Sloan Colt, Vice Chairman
Bayard F. Pope
F. Palmer Armstrong
Horace K. Corbin

CONSTRUCTION

Eugene F. Moran, Chairman
F. Palmer Armstrong, Vice Chairman
Frank D. Abell
John Borg
Chas. H. Sells

OPERATIONS

Joseph M. Byrne, Jr., Chairman
Donald V. Lowe, Vice Chairman
Eugene F. Moran
S. Sloan Colt
Charles S. Hamilton, Jr.

The Executive Director, Austin J. Tobin, is administrative head of the Port Authority and acts as chief liaison officer between the Commission and the Staff. Mr. Tobin has been a member of the Staff of the Port Authority since 1927. He was Assistant General Counsel in 1942 when the board appointed him to his present office.

Leander I. Shelley, General Counsel, advises the Commission and the Executive Director on matters of law. The departments of the Staff are headed by:

Walter P. Hedden, Director of
Port Development
Billings Wilson, Director of Operations
J. C. Evans, Chairman of the
Engineering Board
John M. Kyle, Jr., Chief Engineer
C. J. Kushell, Jr., Comptroller
David McKay, Treasurer

Harvey S. Quigel, Director of Real Estate
Robert S. Curtiss, Director of Concessions
and Revenues
James Clark McGuire, Director of
Purchase & Special Services
John D. Foster, Personnel Director
Dr. S. I. Kooperstein, Medical Director

Mrs. Lee K. Jaffe is Director of Public Relations.

The office of the Executive Director includes Matthias E. Lukens, First Assistant to the Executive Director, and August Z. Schneider, Assistant to the Executive Director.

An organization chart of The Port of New York Authority will be found on pages 100 and 101.

The Work of the Staff in 1948

During the past year Port Authority employees carried their heaviest workload since the establishment of the organization. The completion of our New York City waterfront survey, the resurvey of the entire New Jersey waterfront, the New Jersey rapid transit survey and similar difficult and detailed studies called for all Port Authority personnel to devote themselves unsparingly to their jobs. The first full year of operation of La Guardia Airport, the construction of interim facilities at New York International Airport, and the commencement of Port Authority operation at New York International Airport, Newark Airport, and Port Newark heavily increased our workload, not only in the fields of planning, operations and construction, but also in the fields of financing, accounting and law. The construction of our two great Truck Terminals, and the completion of design plans and relocation of tenants in preparation for the construction of the Port Authority Bus Terminal, are among the pressing jobs which are being competently handled.

The Commissioners are proud to report to the Governors the continued loyalty, enthusiasm and untiring effort of a Staff which has contributed so heavily to the accomplishments of the Port Authority.

Personnel Increased to Handle Responsibilities for Airport and Seaport Development and Operations Program

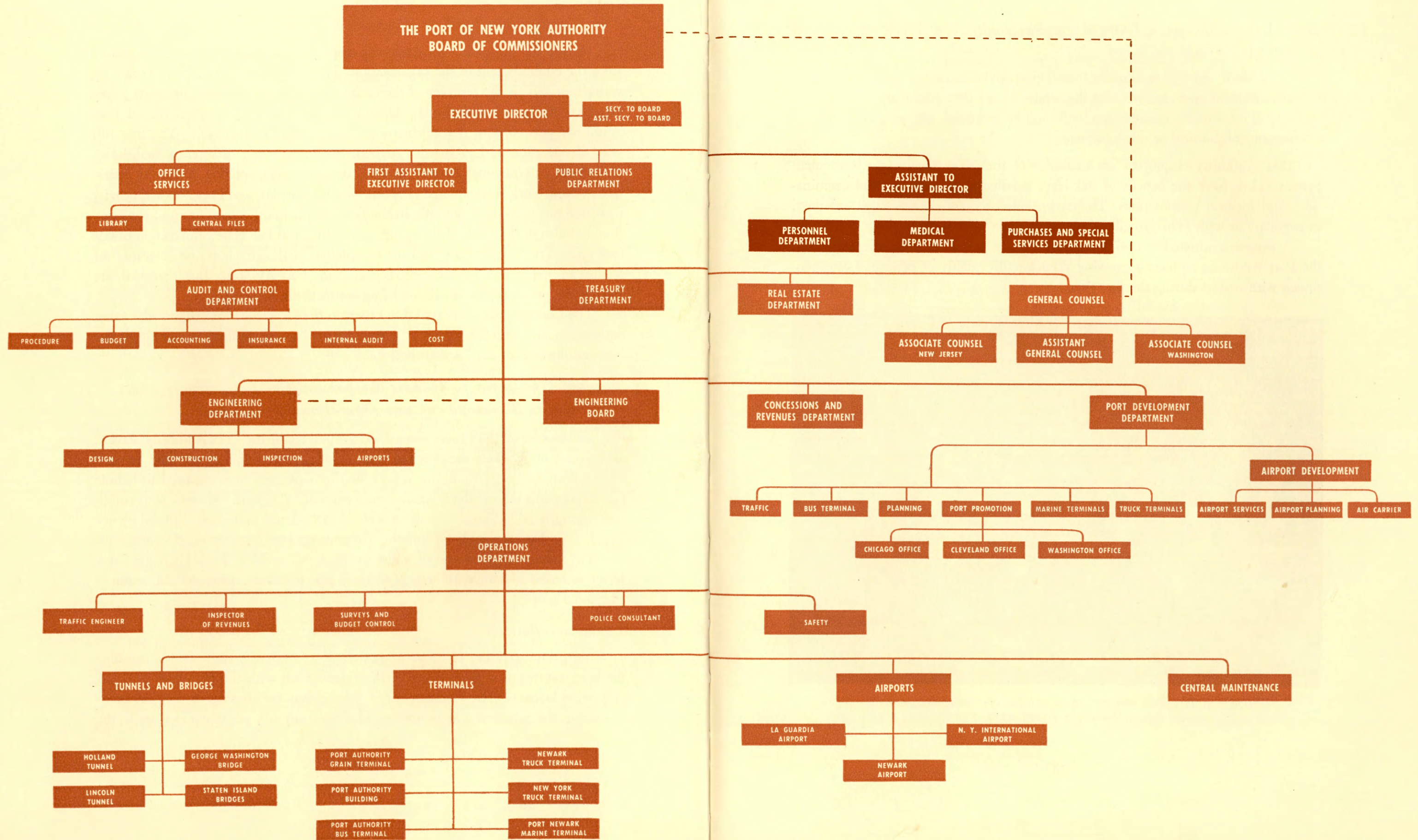
At the end of 1948 there were 2,584 employees in the Port Authority service, an increase of 585 over the previous year. A large part of this 29 per cent increase in the Port Authority Staff was represented by new personnel required to handle our airport and seaport development and operations program. Our new responsibilities naturally added greatly to the workload carried and personnel required by our Legal, Port Development, Operations, Accounting and Engineering Departments.

The tremendous volume of work incident to our New York City and New Jersey waterfront surveys, and our accelerated port promotion program also required additional staff.

Personnel Policies

With the increasing of its personnel, the Port Authority continued to combine the best features of a government civil service system with the personnel practices of private business. The Commissioners believe that the absence of political interference in the selection and promotion of Port Authority personnel is basic to the

PORT AUTHORITY ORGANIZATION



success of our entire operation. One of our general orders, of which all our employees are regularly put on notice, reads:

“Merit, with due consideration being given seniority, shall govern advancement and promotion in the service of the Port Authority.

“Preferential consideration will not be accorded any employee on account of political or other influence.”

Port Authority employees are members of the New York State Retirement System. They have the benefit of sick-leave privileges, periodic medical examinations and medical consultations. Their own employee associations represent them in negotiations with management.

A program initiated in 1947 for the training of junior administrative officers in the Port Authority to meet a growing need for this quality of personnel, was continued with success during the past year.



PORT AUTHORITY POLICE and other personnel at the annual presentation of Distinguished Service Medals, the Commissioners' Cup and other awards.

Many Promotions Result from Our Expanded Activities

The increase in personnel during 1948 provided added opportunities for advancement. In accordance with our policy of promoting from within the Staff, except where special skills, experience, or training are required which cannot be found among employees already in our service, 225 Port Authority employees were promoted in 1948 as a result of examinations through a system of classified grades on the basis of merit and efficiency. Ninety such promotional examinations were conducted during 1948.

It is the policy of the Port Authority Board to assure tenure of office. Employees are not discharged, demoted, or penalized except for cause and after a hearing.

Reclassification of Positions Completed

In April we installed a new classification and salary plan. The reclassification was undertaken to meet the requirements imposed by our expanding Staff. Allocations of individual positions were discussed with the employees concerned and their comments were given consideration before final decisions were made.

Salary Increase Authorized

The Commissioners have for many years realized that Port Authority salaries must compare favorably with those in private industry and governmental agencies in order to attract the best qualified candidates for career service in the Port Authority. To implement this policy the Port Authority conducts a yearly salary survey among representative companies and municipal, state and Federal agencies in the metropolitan area. In September and October, data were obtained from forty companies and governmental agencies covering thirty key Port Authority job classes. These key classes were occupied by one-third of our classified personnel, and the responding companies and agencies reported salary data on 18,000 employees in similar job classes. On the basis of this information the Board of Commissioners authorized a 6 per cent increase in the pay of all employees receiving salaries up to \$10,000, effective January 1, 1949.

Medical Service

The clinics at the Port Authority Building, the Holland Tunnel, and the Lincoln Tunnel, served by our Medical Department, handled over 13,038 visits during

1948. There were 2,415 pre-employment examinations. Annual examinations for all employees are a cardinal point in our effort to protect the health of our Staff. Last year, 1,962 such periodic examinations were conducted by our physicians.

Cafeteria Service

The employees' cafeterias in the Port Authority Building and the Holland Tunnel proved to be of increasing convenience and value to our employees during the past year. The Port Authority Building Cafeteria is no longer large enough to accommodate our expanded force, and will be enlarged in the near future. Both of these facilities are located in areas where there is a scarcity of lunchrooms serving wholesome nourishing food at reasonable prices.

The Commissioners are particularly gratified with the important contribution made by our cafeterias to the welfare of our employees. Since the establishment of the Port Authority Building Cafeteria in 1943 and the Holland Tunnel Cafeteria in 1945, these employees' services have undoubtedly improved the health and efficiency of our workers and have reduced absenteeism due to illness.

In 1948 we served in the Port Authority Building Cafeteria 100,141 lunches at an average meal cost of 42 cents. Our Holland Tunnel Cafeteria during the year served 52,752 meals at an average meal cost of 35 cents.

FINANCIAL

Today the operation of the Port Authority is obviously as complex as that of any large American corporation. Since there are now several classes of bondholders and separate leases with the Cities of New York and Newark covering three airports and a seaport, it is necessary to maintain separate books, accounts and records. The diverse functions and activities of the Port Authority have necessitated major changes in our fund accounting system, which provides for proper segregation of all transactions so that the end product will reveal results and conditions of each facility or group of facilities financed by different types of bond issues.

Successful operation of the airports and waterfront properties necessitated the installation of a cost accounting system to develop cost data to be used as a basis for rate setting, tariff determination and managerial control.

The Board of Commissioners on January 8, 1948 authorized a change in the bylaws to provide for a Treasurer in addition to a Comptroller, following the organizational lines of well-established business practice. David McKay, whose experience and achievements in Port Authority financing are well recognized in the field of municipal financing, was appointed to the new post of Treasurer, and Charles J. Kushell, Jr. has been charged with the responsibilities of the Department of Audit and Control.

Summary of 1948 Operations

Port Authority revenues for the year 1948 again established a new all-time record over any previous year. Our gross operating revenues were \$31,930,328 as compared with \$28,566,834 for the year 1947, an increase of \$3,363,494 or 11.8 per cent. This relationship is not entirely comparable, since we began operation of Newark Airport and Port Newark on March 22, 1948 and of New York International Airport on July 1, 1948. In 1948 we had a full year of operation at La Guardia Airport as compared with seven months' operation in 1947. By excluding those items which would distort a comparison of 1948 and 1947, the gross operating revenues from those of our facilities which are comparable indicate an increase of 5.7 per cent.

Total operating, maintenance and administrative expenses were \$11,968,204 as compared with \$8,141,312 in 1947, an increase of \$3,826,892 or 47 per cent. Again, excluding noncomparable facilities, the increase was \$1,222,676 or 16.9 per cent.

Combined Statements of Net Revenues and Debt Reserves

-For the Ten Years 1939 to 1948, Inclusive

	1939	1940
GROSS OPERATING REVENUES	\$15,842,362	\$16,891,471
OPERATING EXPENSES	3,709,402	3,768,279
NET OPERATING REVENUES	\$12,132,960	\$13,123,191
OTHER INCOME:		
Interest on investments less amortization of purchase premiums, etc.	305,420	109,061
	\$12,438,381	\$13,232,253
DEDUCTION:		
Interest on funded debt (except interest capitalized)	7,108,791	6,904,079
	\$ 5,329,589	\$ 6,328,173
SPECIAL DEDUCTIONS:		
For property additions—capitalized	200,962	447,048
For expenses of debt refunding program	—	125,000
For Insurance Reserve	—	—
For Lincoln Tunnel construction	—	—
For Restoration and Improvement Reserve	—	—
	\$ 200,962	\$ 572,048
	\$ 5,128,626	\$ 5,756,124
Deficits of certain facilities transferred by charge to equity accounts	1,045,095	685,710
Balance Available for Debt Retirement and Reserves	\$ 6,173,721	\$ 6,441,835
DEBT RETIREMENT PROVISIONS AND REDEMPTIONS AT COST:		
Obligatory payments to sinking funds	3,602,588	4,915,227
Redemptions of serial notes, etc.	350,000	—
Retirement in anticipation of future sinking fund requirements	5,087,500	—
Redemptions of serial notes prior to maturity	—	1,284,000
Application of Statutory Reserve to retirement of serial bonds	3,723,380	—
Retirements in excess of proceeds from bonds sold on refunding	—	348,676
TOTAL	\$12,763,469	\$ 6,547,903
REMAINDER, REPRESENTING INCREASE (DECREASE) DURING YEAR IN DEBT RESERVES	(\$ 6,589,747)	(\$ 106,068)
Sundry credits to Reserve Funds	85,019	3,746
TOTAL INCREASE (DECREASE)	(\$ 6,504,727)	(\$ 102,321)
INCREASE (DECREASE) DURING YEAR IN:		
General Reserve	(\$ 2,781,346)	(\$ 102,321)
Special Reserve	—	—
Air Terminals Reserve	—	—
Statutory Reserve	(3,723,380)	—
TOTAL INCREASE (DECREASE)	(\$ 6,504,727)	(\$ 102,321)

Pennies omitted.

	1941	1942	1943	1944	1945	1946	1947	1948
GROSS OPERATING REVENUES	\$18,676,682	\$16,142,811	\$14,968,842	\$17,775,840	\$19,344,475	\$25,491,344	\$28,566,834	\$31,930,328
OPERATING EXPENSES	4,731,921	4,127,996	3,730,581	4,796,975	6,038,265	7,176,168	8,141,311	11,968,205
NET OPERATING REVENUES	\$13,944,760	\$12,014,815	\$11,238,260	\$12,978,864	\$13,306,210	\$18,315,176	\$20,425,523	\$19,962,123
OTHER INCOME:								
Interest on investments less amortization of purchase premiums, etc.	109,728	114,215	169,057	310,067	838,025	498,070	782,911	624,743
	\$14,054,489	\$12,129,031	\$11,407,318	\$13,288,931	\$14,144,235	\$18,813,246	\$21,208,434	\$20,586,867
DEDUCTION:								
Interest on funded debt (except interest capitalized)	5,339,476	4,996,542	4,901,740	5,405,569	4,873,086	4,766,337	4,815,282	4,647,626
	\$ 8,715,012	\$ 7,132,488	\$ 6,505,577	\$ 7,883,362	\$ 9,271,148	\$14,046,909	\$16,393,152	\$15,939,241
SPECIAL DEDUCTIONS:								
For property additions—capitalized	67,884	—	—	—	—	—	—	537,961
For expenses of debt refunding program	—	—	—	1,771,069	1,419,575	—	—	—
For Insurance Reserve	1,000,000	—	—	—	—	—	—	—
For Lincoln Tunnel construction	1,000,000	—	—	500,000	1,000,000	—	—	—
For Restoration and Improvement Reserve	—	—	1,500,000	1,300,000	925,000	—	—	(1,723,947)
	\$ 2,067,884	\$ —	\$ 1,500,000	\$ 3,571,069	\$ 3,344,575	\$ —	\$ —	(\$ 1,185,986)
	\$ 6,647,127	\$ 7,132,488	\$ 5,005,577	\$ 4,312,292	\$ 5,926,573	\$14,046,909	\$16,393,152	\$17,125,227
Deficits of certain facilities transferred by charge to equity accounts	—	—	—	—	—	—	—	—
Balance Available for Debt Retirement and Reserves	\$ 6,647,127	\$ 7,132,488	\$ 5,005,577	\$ 4,312,292	\$ 5,926,573	\$14,046,909	\$16,393,152	\$17,125,227
DEBT RETIREMENT PROVISIONS AND REDEMPTIONS AT COST:								
Obligatory payments to sinking funds	1,143,100	1,587,802	1,653,513	1,962,123	2,338,871	2,403,023	2,477,030	2,866,114
Redemptions of serial notes, etc.	797,123	800,000	800,000	800,000	800,000	2,800,000	2,800,000	4,493,000
Retirement in anticipation of future sinking fund requirements	3,490,975	—	—	—	—	1,562,070	2,598,322	1,969,505
Redemptions of serial notes prior to maturity	—	—	—	—	—	—	—	—
Application of Statutory Reserve to retirement of serial bonds	—	—	—	—	—	—	—	—
Retirements in excess of proceeds from bonds sold on refunding	—	—	—	—	1,833,631	—	—	6,799,548
TOTAL	\$ 5,431,199	\$ 2,387,802	\$ 2,453,513	\$ 2,762,123	\$ 4,972,502	\$ 6,765,094	\$ 7,875,352	\$16,128,167
REMAINDER, REPRESENTING INCREASE (DECREASE) DURING YEAR IN DEBT RESERVES	\$ 1,215,928	\$ 4,744,686	\$ 2,552,063	\$ 1,550,169	\$ 954,070	\$ 7,281,814	\$ 8,517,800	\$ 997,060
Sundry credits to Reserve Funds	591,239	—	—	—	498	—	—	—
TOTAL INCREASE (DECREASE)	\$ 1,807,167	\$ 4,744,686	\$ 2,552,063	\$ 1,550,169	\$ 954,569	\$ 7,281,814	\$ 8,517,800	\$ 997,060
INCREASE (DECREASE) DURING YEAR IN:								
General Reserve	\$ 1,807,167	\$ 4,744,686	\$ 2,552,063	\$ 1,550,169	\$ 954,569	\$ 2,259,606	\$ 2,640,600	\$ 1,826,400
Special Reserve	—	—	—	—	—	5,022,208	5,849,525	(801,665)
Air Terminals Reserve	—	—	—	—	—	—	27,675	(27,675)
Statutory Reserve	—	—	—	—	—	—	—	—
TOTAL INCREASE (DECREASE)	\$ 1,807,167	\$ 4,744,686	\$ 2,552,063	\$ 1,550,169	\$ 954,569	\$ 7,281,814	\$ 8,517,800	\$ 997,060

Included in this increase are nonrecurring items, among which are remodeling costs for the Port Authority Building to provide working space for the expanded work force.

Net revenues available for appropriations to reserves in accordance with various statutory requirements and agreements with bondholders were \$14,445,183 or an increase of 8.3 per cent over 1947, after giving effect to adjustments to make these years comparable. Included in the 1948 figure is a nonrecurring credit of \$1,723,947 resulting from the elimination of the Restoration and Improvement Reserve, as authorized by resolution of the Commissioners under date of March 11, 1948.

Airport Revenues and Expenses

Activities at the three airports, La Guardia, New York International and Newark, for the year 1948 resulted in an operating deficit of \$732,073. Air travel has not increased in accordance with general estimates. Even so, we had anticipated the continuation of airport operating deficits during the development years until our plans for airport construction can be translated into additional revenue-producing facilities.

La Guardia Airport had been operated by the Port Authority a full twelve months in 1948. Both Newark and New York International Airports commenced operation during the year. All three facilities are still in the early years of their development, particularly insofar as revenue-producing potential is concerned. Certain fixed expenses (such as emergency crews) affect the operating results from the first month of operation, although revenues are only gradually increased, and fluctuate because of changes in space occupancy, rentals, fees and the like.

In other cases, the revenues are temporarily limited, such being the situation at the Newark Airport Terminal Building, where the existing physical design is not adaptable to expanding concessions and other non-aviation revenues. In the early stages of operation of a facility, it is expected that abnormal expenses will arise, such as payments to city employees during the transitional period upon acquisition of Newark Airport, which represented cost duplication to the Port Authority, and extraordinary maintenance expenses for the repair of underground utilities at La Guardia, pending the completion of field stabilization at that airport. In the over-all view, these expenses are an inevitable part of the growth and development of these airports.

Pursuant to resolution of the Board of Commissioners under date of June 18, 1948, the Air Terminal Bond Resolution was adopted, establishing the issuance of

our Air Terminal Bonds and, under date of July 6, 1948, as noted below, we sold a first installment of such bonds.

The Air Terminal Bonds were issued under the laws of New York, 1947, Chapter 802, as amended by laws of New York, 1948, Chapter 785, and the laws of New Jersey, 1947, Chapter 43, as amended by laws of New Jersey, 1948, Chapter 214, Section 12 of which is as follows:

“The two states covenant and agree with each other and with the holders of any bonds of the Port Authority issued or incurred for air terminal purposes and as security for which there may or shall be pledged (directly or indirectly, or through the medium of its general reserve fund or otherwise), the revenues, or any part thereof, of any air terminal or other facility owned or operated by the Port Authority, that the two states will not, so long as any of such bonds or other obligations remain outstanding and unpaid, diminish or impair the power of the Port Authority to establish, levy and collect landing fees, charges, rents, tolls or other fees in connection therewith.”

Funded Debt

Our Funded Debt as of December 31, 1948, authorized and outstanding, totaled \$233,999,000 or an over-all increase of \$18,264,000 during the year.

On July 6, 1948, \$30,000,000 of Air Terminal Bonds, First Series, first installment, 3 per cent, dated June 15, 1948, maturing June 15, 1978, were sold to a group of mutual life insurance companies at a price of 99 per cent of par, or an interest cost to the Authority of 3.03 per cent. The proceeds from the sale of \$25,000,000 par value of bonds were to provide funds for capital improvements at La Guardia Airport and New York International Airport; for the repayment, with interest, of moneys previously borrowed for air terminal purposes by the issuance of Air Terminal Notes, Series L; and for incidental purposes. The balance of \$5,000,000 of these bonds were issued to provide funds for capital improvements at Newark Airport; for the repayment, with interest, of moneys previously borrowed for air terminal purposes by the issuance of Air Terminal Notes, Series M; and for incidental purposes.

The Prudential Insurance Company of America purchased \$15,000,000 par value of bonds, The Northwestern Mutual Life Insurance Company \$10,000,000 par value, and The Mutual Life Insurance Company of New York \$5,000,000 par

value. The private placement of these bonds was considered generally by municipal bankers as one of the outstanding municipal financing operations of the year.

On July 26, 1948, \$7,500,000 par value, General and Refunding, Thirteenth Series, 1.40 per cent bonds, dated July 15, 1948, maturing \$1,500,000 on the 15th day of July 1949, and each July 15 thereafter to and including July 15, 1953, were sold to C. J. Devine & Co., Inc. at an interest cost of 1.393 per cent. The proceeds of the sale, together with an appropriation from the Special Reserve Fund of \$6,799,548, were used to retire the General and Refunding, Seventh Series, 2¾ per cent bonds, outstanding at the time in the par value of \$14,186,000.

Seven million dollars par value, Marine Terminal, First Series, 2½ per cent bonds, first installment, dated November 1, 1948, maturing November 1, 1978, were sold on December 7, 1948 to a syndicate headed by Halsey Stuart & Co., Inc., at a price of 95.057 per cent of par, or an interest cost to the Authority of 2.6647 per cent. The proceeds of the sale were to provide funds:

- (1) for capital improvements to Port Newark,
- (2) for the payment, with interest, of The Port of New York Authority Marine Terminal Notes, Series N, previously issued, in the aggregate principal amount of \$2,000,000, and
- (3) for purposes incidental to the foregoing.

It is expected that the proceeds of this issue will be sufficient to take care of the next three years' development costs at Port Newark, and approximately 50 per cent of the total presently planned developments.

In addition to the permanent financing previously described, we did certain temporary financing, including a loan from the Central Hanover Bank and Trust Company and the Manufacturers Trust Company, maturing February 1, 1948, in a total amount of \$10,000,000, which was renewed for six months to mature August 1, 1948, at an interest rate of 1-1/8 per cent. These notes were known as Air Terminal, Series L Notes, and were prepaid upon the receipt of the proceeds from the Air Terminal Bond sale. Also, in March 1948, a temporary credit of \$5,000,000 was established for Newark Airport and Seaport financing for a period of six months at an interest rate of 1-1/8 per cent. Of this total amount, \$1,500,000 Air Terminal Series M Notes were sold and paid off upon the consummation of the permanent air terminal financing, and \$2,000,000 Marine Terminal Series N Notes were sold and paid off upon the completion of the marine terminal permanent financing.

To provide additional funds for the construction of the New York and Newark

Union Motor Truck Terminals, a short term loan of \$6,000,000 par value, General Reserve Fund, Series P Notes, bearing an interest rate of 1½ per cent, was arranged on November 5, 1948 with the National City Bank of New York. The notes are dated November 1, 1948, and mature \$3,000,000 each year on November 1, 1950 and November 1, 1951.

During the six-months period commencing June 28, 1948, a total of \$500,000 was borrowed from the National City Bank of New York for rehousing purposes in connection with the construction of the Port Authority Bus Terminal. These notes, bearing an interest rate of 1¼ per cent, were paid with accrued interest from the General Reserve Fund on December 31, 1948.

An issue of General Reserve Fund Notes, bearing an interest rate of 1¼ per cent, was sold on February 6 to the National City Bank of New York, to provide funds for the acquisition and rehabilitation of a Central Garage. These notes were dated February 6, 1948 and \$40,000 par value were due each year beginning February 6, 1949 and each succeeding year thereafter, to and including February 6, 1953. This entire issue, together with accrued interest, was retired at the end of 1948 from the General Reserve Fund.

In connection with the pending purchase of Teterboro Airport, the Authority sold, on August 24, 1948, \$100,000 par value Air Terminal Notes dated August 24, 1948, due August 24, 1949, bearing an interest of 1¼ per cent.

Debt Retirement

During the year 1948 the Authority met all of the requirements of the resolutions establishing and governing the retirement of its bonds and notes outstanding. On February 15, 1948, \$829,000 par value of General and Refunding, Fifth Series, 3¼ per cent bonds, due 1977, were called for redemption; on June 15, 1948, \$1,296,000 par value of General and Refunding, Fourth Series, 3 per cent bonds, due 1976, were called for redemption; on December 1, 1948, \$2,703,000 of the Series K, ¾ per cent notes were paid; and on June 15, 1948, \$1,090,000 par value, Terminal, Series M, 1½ per cent bonds were paid.

As stated previously, during the year the entire outstanding balance of General and Refunding, Seventh Series, 2¾ per cent bonds, in the principal amount of \$14,186,000, was retired, partly through the aforementioned operation, and the balance by acceleration through the appropriation of \$6,799,548 from the Special Reserve Fund and \$309,000 as principal amount of bonds redeemed through Sinking

Fund payments. In addition, the Authority also retired \$2,232,000 par value of its other bonds, as follows:

	<i>Principal Amount</i>
General and Refunding, Eighth Series.....	\$1,314,000
General and Refunding, Ninth Series.....	386,000
General and Refunding, Eleventh Series.....	417,000
Terminal Bond, Series J.....	115,000
Total.....	\$2,232,000

Hence, in addition to the mandatory debt retirement, the Authority accelerated debt retirement by anticipating future Sinking Fund requirements in the sum of \$8,609,000, which includes the acceleration of \$6,377,000, 2¾ per cent bonds, owing to the aforementioned refunding operation. The refunding and issuance of \$7,500,000, Thirteenth Series bonds, will accelerate the balance of the \$14,186,000, General and Refunding, 2¾ per cent bonds by 1953 instead of 1973.

Summary of Reserves

The balances of reserve accounts in our various funds as of December 31, 1948 are as follows:

<i>Title</i>	<i>Amount</i>	<i>See Exhibit</i>
General Reserve	\$23,399,900	C
Special Reserve	10,070,067	C
Employees' Retirement Fund Reserve.....	3,570,658	D
Insurance Fund Reserve.....	2,158,243	D
Sinking Fund Reserves.....	2,557,812	E
Total Reserves	\$41,756,680	

The total Reserve Funds, as itemized above, contain the following assets:

U. S. Government Securities.....	\$36,928,432
Port Authority Bonds.....	2,214,727
Cash and Accrued Interest.....	2,613,521
	<u>\$41,756,680</u>

The General Reserve Fund balance of \$23,399,900 at the close of the year was equal to 10 per cent of the par value of all outstanding bonds of the Port Authority. In addition, this sum is in excess of an amount equal to two years' debt service on General Reserve Fund bonds of the Port Authority, outstanding at December 31, 1948; thus the Authority has successfully met all of the requirements of the resolutions regarding the administration of its various funds.

Accountants' Report

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

NEW YORK

19 RECTOR STREET
TELEPHONE: DIGBY 4-5240
DELIVERY ZONE 6

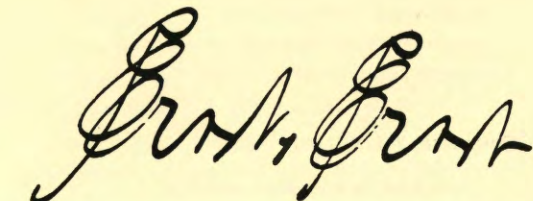
AKRON
ATLANTA
BALTIMORE
BIRMINGHAM
BOSTON
BUFFALO
CANTON
CHICAGO
CINCINNATI
CLEVELAND
COLUMBUS
DALLAS
DAYTON
DENVER
DETROIT
ERIE
FORT WORTH
GRAND RAPIDS
HOUSTON
INDIANAPOLIS
KALAMAZOO
KANSAS CITY
LOS ANGELES
LOUISVILLE
MEMPHIS
MIAMI
MILWAUKEE
MINNEAPOLIS

NEW ORLEANS
NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND, ME.
PROVIDENCE
READING
RICHMOND
ROCHESTER
ST. LOUIS
ST. PAUL
SAN ANTONIO
SAN FRANCISCO
SEATTLE
TOLEDO
WASHINGTON
WINSTON-SALEM
YOUNGSTOWN
TORONTO, CANADA
CORRESPONDENT AT
LONDON
CABLE ADDRESS
"ERNSTAUDIT" N. Y.

The Port of New York Authority
New York, N. Y.

We have examined the statement of financial position of The Port of New York Authority as of December 31, 1948, and the related statements of net revenues and other accounts for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of financial position and related statements of net revenues and other accounts present fairly the position of The Port of New York Authority at December 31, 1948, and the results of operations for the year then ended, on the basis of accounting principles and procedures set forth in Note 1 to the financial statements.



New York, N. Y.
February 17, 1949.

Financial Position

December 31, 1948

	Capital Accounts (Exhibit A)
ASSETS	
INVESTMENT IN FACILITIES	
Including expenditures authorized (Note 1)	\$292,365,642
CASH	215,653
INVESTMENTS IN SECURITIES:	
U. S. Government securities (Exhibit H)	46,160,539
The Port of New York Authority bonds (Exhibit H)	—
Accrued interest receivable	209,275
	<u>\$46,369,814</u>
COLLATERAL UNDER LEASES:	
U. S. Government and The City of New York securities	—
OTHER ASSETS:	
Prepaid insurance, deposits, and sundry accounts	177,026
ADVANCES TO OPERATING FUNDS	825,000
TOTAL ASSETS	<u>\$339,953,137</u>
LIABILITIES, RESERVES, AND EQUITY ACCOUNTS	
FUNDED DEBT (Exhibit I)	\$233,999,000
EQUITY ACCOUNTS—as shown in Exhibit A	86,981,683
RESERVES APPLICABLE TO THE FOLLOWING FUNDS:	
Debt Reserve Funds:	
General Reserve Fund—under Section 10 of Basic Resolution	—
Special Reserve Fund—under Section 9 of Basic Resolution	—
Operating Reserve Funds:	
Employees' Retirement Fund	—
Insurance Fund	—
Sinking Funds	—
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	1,888,453
COMMITMENTS (Note li)	12,611,576
APPROPRIATIONS PENDING COMMITMENT (Note li)	4,472,424
DEPOSITS UNDER LEASES	—
DEFERRED CREDITS TO INCOME:	
Unredeemed toll tickets, etc.	—
Long term rental prepayments	—
ADVANCES FROM CAPITAL FUNDS	—
TOTAL LIABILITIES, RESERVES, AND EQUITY ACCOUNTS	<u>\$339,953,137</u>
CONTINGENT LIABILITIES—Note 3	

See Notes to Financial Statements.

Operating Accounts (Exhibit B)	Debt Reserve Funds (Exhibit C)	Operating Reserve Funds (Exhibit D)	Sinking Funds (Exhibit E)	Depository Funds (Note 2)
\$ —	\$ —	\$ —	\$ —	\$ —
728,659	822,087	37,106	1,646,285	101,581
2,689,833	31,816,967	4,201,992	909,473	1,400,000
—	739,037	1,475,690	—	—
19,632	91,875	14,626	2,054	—
<u>\$2,709,466</u>	<u>\$32,647,880</u>	<u>\$5,692,309</u>	<u>\$ 911,527</u>	<u>\$1,400,000</u>
—	—	—	—	230,500
1,354,057	—	—	—	—
—	—	—	—	—
<u>\$4,792,182</u>	<u>\$33,469,967</u>	<u>\$5,729,415</u>	<u>\$2,557,812</u>	<u>\$1,732,081</u>
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
—	23,399,900	—	—	—
—	10,070,067	—	—	—
—	—	3,570,658	—	—
—	—	2,158,243	—	—
—	—	—	2,557,812	—
2,994,155	—	512	—	—
357,556	—	—	—	—
108,997	—	—	—	—
—	—	—	—	300,058
506,473	—	—	—	—
—	—	—	—	1,432,023
825,000	—	—	—	—
<u>\$4,792,182</u>	<u>\$33,469,967</u>	<u>\$5,729,415</u>	<u>\$2,557,812</u>	<u>\$1,732,081</u>

THE PORT OF NEW YORK AUTHORITY

NET REVENUES

Year ended December 31, 1948

GROSS OPERATING REVENUES		\$31,930,328
OPERATING EXPENSES (Note li)		11,968,205
Net Operating Revenues		\$19,962,123
OTHER INCOME:		
Interest on investments less amortization of purchase premiums, etc.		624,743
		<u>20,586,867</u>
OTHER DEDUCTIONS:		
Interest on funded debt	\$4,633,993	
Obligatory payments to sinking funds	2,866,114	
	\$7,500,107	
Elimination of net income from investments accruing in Debt Reserve Funds (in- cluded in Other Income—above)	365,524	7,865,631
		<u>\$12,721,235</u>
Credit resulting from elimination of Restoration and Improvement Reserve (Note lg)		1,723,947
Net Revenues Less Net Deficits (as below)		<u>\$14,445,183</u>
NET REVENUES OF FACILITIES RELATED TO GENERAL AND REFUNDING BONDS AVAIL- ABLE FOR APPROPRIATIONS IN ACCORDANCE WITH STATUTORY REQUIREMENTS AND AGREEMENTS WITH BONDHOLDERS		
		\$15,210,005
NET DEFICITS OF FACILITIES OPERATED UNDER LEASES CHARGEABLE TO RESERVES		
		<u>(\$ 764,822)</u>
DISPOSITION OF NET REVENUES AS REQUIRED BY RESOLUTIONS OF THE COMMIS- SIONERS:		
To General Reserve—to bring total amount to 10% of funded debt	\$9,312,494	
To Special Reserve	5,897,511	\$15,210,005
NET DEFICITS COVERED BY APPROPRIATIONS FROM:		
Air Terminals Reserve	\$ 27,889	
General Reserve	736,933	(764,822)
		<u>\$14,445,183</u>

See Exhibit G for details of Net Revenues.
See Notes to Financial Statements.
() indicate red figures.

THE PORT OF NEW YORK AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 1948

Note 1—STATEMENT OF ACCOUNTING PRINCIPLES AND PROCEDURES:

- a. The Port of New York Authority was created as a corporate instrumentality in 1921 by compact between the States of New York and New Jersey with the approval of Congress. The Authority has no stockholders or equity holders and all revenues or other cash received must be disbursed for specific purposes in accordance with provisions of various statutes and agreements with holders of its bonds. The accounting principles outlined in paragraphs following, which have been consistently applied (except as noted in Note li), are based on the Authority's interpretation of such statutes and agreements, and on resolutions of the Commissioners.
- b. No deduction from revenue has been made for depreciation of facilities or for amortization of leasehold improvements, nor has a reserve for depreciation been established. However, deductions are made from revenue and reserves for payments to sinking funds and for serial maturity payments as required, and for expenditures to maintain in good condition all facilities, the net revenues of which are pledged as security for Port Authority bonds.
- c. The balance of "Investment in facilities" at December 31, 1948 includes the following:
(1) The net discount and expense incurred in connection with bonds and notes issued for construction purposes; no provision has been made for amortization of such discount and expense; (2) interest expense on such bonds and notes during the period of construction (less income earned on unexpended construction funds), and certain interest expense applicable to periods subsequent to the dates of official opening of the respective facilities. The amounts of the above items included in investment in facilities at December 31, 1948, and the amounts added during the year ended at that date follow:

	Included in Facility Costs at December 31, 1948	Added to Facility Costs During the Year Ended December 31, 1948
(1) Net discount and expense	\$ 3,929,335	\$ 83,608(a)
(2) Interest during construction and interest subsequent to opening	19,282,131	598,290(b)
Total	<u>\$23,211,466</u>	<u>\$681,898</u>
(a) Consisting of:		
General and Refunding, Twelfth Series Bonds (to be issued):		
Expenses for printing, etc.		\$ 559
Bus Terminal Bonds (Series M):		
Fees of paying agent		1,651
Truck Terminal Bonds (Series N):		
Expenses for printing, consultants' fees, etc.		1,501
Air Terminal Bonds:		
Expenses for services of consultant, printing fees for First Series, etc.		68,335
Marine Terminal Bonds:		
Expenses for services of consultant, printing fees for First Series, etc.		11,562
		<u>\$ 83,608</u>
(b) Consisting of:		
Interest on funded debt	\$893,904	
Less net interest income on unexpended construction funds	295,614	\$598,290

- d. In the opinion of its General Counsel, the Authority is not subject to federal, state or local taxes, unless both the States of New York and New Jersey expressly consent to such taxes by statutes. Such consent has not been given except for local real estate taxes upon property acquired for rehousing residents of areas acquired by the Authority for terminal and transportation facilities. The states have also authorized the Authority to enter into voluntary agreements with municipalities to pay a fair annual sum in lieu of taxes upon property acquired for inland and marine terminals, including air terminals; full provision has been made at December 31, 1948 for payments under such agreements then in effect.

NOTES TO FINANCIAL STATEMENTS—Continued

Note 1—STATEMENT OF ACCOUNTING PRINCIPLES AND PROCEDURES—Continued:

- e. The employees' retirement reserve has been provided from revenues prior to December 31, 1947 in an amount which, (increased by the earnings of the corresponding fund), was estimated to be sufficient to meet the annual payments to 1966 required by contract with the New York State Employees' Retirement System for employee services prior to membership in the System. Also, amounts have been set aside to provide for the estimated amount necessary to pay special monthly allowances to certain retired employees whose pensions were considered less than adequate; and to meet the additional annual payments required for prior service under the twenty-five year retirement plan adopted for Authority policemen.
- f. The insurance reserve, applicable to facilities related to General and Refunding Bonds, was established in 1941 by an appropriation from the general reserve, and subsequently increased by charges against revenue (which charges were discontinued as of July 1, 1945), in order to provide a fund the earnings of which are estimated to be sufficient to pay for losses not covered by policies with outside insurers. In the opinion of the Comptroller, the insurance reserve at December 31, 1948 was adequate for this purpose.
- g. The restoration and improvement reserve was established in 1943 to provide from current and subsequent revenues moneys with which to pay in part the cost of a projected modernization and rehabilitation program. The program contemplated total expenditures of \$3,725,000, the full amount of which was appropriated from revenues prior to January 1, 1946. At December 31, 1947, \$2,001,053 had been expended. During 1948 the January 1, 1948 balance in the reserve of \$1,723,947 was added back to revenues as no longer needed since most of the expenditures provided for under the program had been made up to December 31, 1947.
- h. The cost of refunding and consolidating debt, consisting of call premiums, interest payments and other expenses, amounted to \$15,025,834 at December 31, 1948, an increase of \$423,293 over December 31, 1947 attributable to call premiums and other expenses to refund General and Refunding Bonds, Seventh Series. These costs have been deducted from equity accounts instead of being deferred and amortized over subsequent accounting periods.
- i. During the year ended December 31, 1948, The Port of New York Authority changed its accounting procedure to provide for the recording of commitments at the time contracts are awarded and orders placed for construction, expenses, supplies, etc. Certain appropriations pending commitment at December 31, 1948 were also recorded. These procedures were adopted to facilitate the operation of the Authority's internal financial control and are of great value in the operation of its budget. These procedures are also necessary to present a proper statement of the Authority's actual or pending obligations.
- j. The failure of the items to add to the totals shown throughout the financial statements is due to the dropping of pennies.

Note 2—The amounts included in Depositary Funds represent surety deposits under leases, and long term rental prepayments under leases for New York International Airport originally entered into between oil companies and The City of New York.

Note 3—Contingent liabilities at December 31, 1948 were as follows:

- a. Contingent liabilities relative to acquisition of certain easements, payable if and when the owners of the properties elect to have certain construction work performed, and costs that may be incurred in connection with proposed construction by The City of New York of a protective pier over the Lincoln Tunnel.
- b. Eight airline companies have brought suit against the Port Authority, its Commissioners and two of its officers for a declaratory judgment, injunctive relief and damages, on account of the Port Authority's alleged repudiation of leases and agreements in connection with New York International Airport. No amount of damages was specified in the complaint.
The defendants have made a motion to dismiss the complaint in this suit on account of lack of jurisdiction. Apart from this defense, legal counsel is of the opinion that there is no basis for a recovery in this suit of any damages against the defendants.
- c. Under an agreement with The City of New York dated April 17, 1947 for the lease to the Authority of the Municipal Air Terminals, the Authority agreed among other things, to provide funds up to the sum of \$198,500,000 in the aggregate, if necessary, for the rehabilitation, expansion, improvement and development of said air terminals.
Under an agreement with the City of Newark dated October 22, 1947 for the lease to the Authority of Newark Marine and Air Terminals, the Authority agreed, among other things, to provide funds up to the sum of \$70,500,000 in the aggregate, if necessary, for the development of said terminals.
Of the amounts stated, the Authority is to spend substantial sums under the City of New York agreement, prior to June 1, 1954 and under the City of Newark agreement, prior to March 22, 1955 for the purposes mentioned, exclusive of the construction of certain hangars, shops and related facilities.
The leasehold terms expire, respectively, when all Port Authority obligations issued in connection with the air and marine terminals have been paid, but in any event not later than 1997/1998. All properties will revert to the cities, respectively, upon the termination of the leases. The leases provide for a stated annual rental or an alternative amount based upon net operating revenues, whichever is greater.

EXHIBIT A
THE PORT OF NEW YORK AUTHORITY
CAPITAL ACCOUNTS
DETAILS OF ASSETS, LIABILITIES AND EQUITY ACCOUNTS

December 31, 1948

	General Capital Accounts	Air Terminals Capital Accounts	Marine Terminal Capital Accounts	Combined
ASSETS				
INVESTMENT IN FACILITIES (Note 1):				
Completed construction—at cost	\$237,958,318	\$ —	\$ —	\$237,958,318
Construction in progress—at cost	18,037,279	100,000 (A)	—	18,137,279
Leasehold improvements—at cost	—	16,537,973	2,648,069	19,186,043
Commitments (see contra) (Note li)	7,587,144	3,926,588	1,097,843	12,611,576
Appropriations pending commitment (see contra) (Note li)	841,448	3,597,044	33,932	4,472,424
	\$264,424,191	\$24,161,605	\$3,779,844	\$292,365,642
ASSETS HELD FOR ADDITIONAL CONSTRUCTION AND PAYMENT OF LIABILITIES (Exhibit J):				
Cash	70,555	118,994	26,104	215,653
U. S. Government securities (Exhibit H)	28,004,942	13,951,786	4,203,809	46,160,539
Accrued interest receivable	103,849	87,959	17,466	209,275
Deposits on condemnation proceedings	135,500	—	—	135,500
Prepaid insurance	936	—	—	936
Miscellaneous	39,068	1,522	—	40,590
Advances to respective operating funds	—	575,000	250,000	825,000
	\$ 28,354,852	\$14,735,262	\$4,497,380	\$ 47,587,495
TOTAL ASSETS	\$292,779,043	\$38,896,868	\$8,277,225	\$339,953,137
LIABILITIES AND EQUITY ACCOUNTS				
FUNDED DEBT (Exhibit I)	\$196,899,000	\$30,100,000	\$7,000,000	\$233,999,000
EQUITY ACCOUNTS (Exhibit F):				
Debt retired through income	86,456,110	—	—	86,456,110
Contributed by federal and state agencies in aid of construction	10,860,411	—	—	10,860,411
Appropriated reserves invested in facilities	4,337,166	—	—	4,337,166
Appropriated reserves to be invested in facilities	353,829	—	—	353,829
	\$102,007,516	\$ —	\$ —	\$102,007,516
Less cost of refunding and consolidating debt	15,025,833	—	—	15,025,833
	\$ 86,981,683	\$ —	\$ —	\$ 86,981,683
OTHER LIABILITIES:				
Accrued interest payable	\$ 54,913	\$ 37,500	\$ 29,166	\$ 121,579
Accrued liability for payment in lieu of taxes (Note ld)	17,207	—	—	17,207
Other accounts payable, accrued expenses, etc.	397,646	1,235,735	116,284	1,749,665
	\$ 469,766	\$ 1,273,235	\$ 145,450	\$ 1,888,453
COMMITMENTS (see contra) (Note li)	\$ 7,587,144	\$ 3,926,588	\$1,097,843	\$ 12,611,576
APPROPRIATIONS PENDING COMMITMENT (see contra) (Note li)	841,448	3,597,044	33,932	4,472,424
TOTAL LIABILITIES AND EQUITY ACCOUNTS	\$292,779,043	\$38,896,868	\$8,277,225	\$339,953,137

See Notes to Financial Statements.
(A) See Note (D)-f of Notes to Exhibit I.

EXHIBIT B
THE PORT OF NEW YORK AUTHORITY
OPERATING ACCOUNTS
DETAILS OF ASSETS, AND LIABILITIES AND OTHER CREDITS
December 31, 1948

	General Operating Accounts	Air Terminals Operating Accounts	Marine Terminal Operating Accounts	Combined
ASSETS				
CASH	\$ 678,800	\$ 6,679	\$ 43,180	\$ 728,659
INVESTMENTS IN SECURITIES:				
U. S. Government securities (Exhibit H)	2,112,672	545,605	31,555	2,689,833
Accrued interest receivable	15,912	3,517	203	19,632
	<u>\$2,128,584</u>	<u>\$ 549,123</u>	<u>\$ 31,758</u>	<u>\$2,709,466</u>
OTHER ASSETS:				
Prepaid insurance	281,961	196,930	227,109	706,002
Accounts receivable	208,949	411,309	22,472	642,731
Miscellaneous	4,609	713	—	5,322
	<u>\$ 495,520</u>	<u>\$ 608,954</u>	<u>\$249,581</u>	<u>\$1,354,057</u>
TOTAL ASSETS	<u>\$3,302,905</u>	<u>\$1,164,756</u>	<u>\$324,520</u>	<u>\$4,792,182</u>
LIABILITIES AND OTHER CREDITS				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES:				
Accrued interest on funded debt	\$ 915,481	\$ —	\$ —	\$ 915,481
Unredeemed bonds and interest coupons (less \$370,493 on deposit with paying agents)	14,967	—	—	14,967
Accrued liability for employee retirement	784,738	26,906	—	811,644
Accrued liability for rent	—	381,115	24,583	405,699
Accrued liability for payment in lieu of taxes (Note ld)	30,064	—	—	30,064
Other accounts payable, accrued expenses, etc.	707,823	82,048	26,426	816,298
	<u>\$2,453,074</u>	<u>\$ 490,070</u>	<u>\$ 51,010</u>	<u>\$2,994,155</u>
COMMITMENTS (Note li)	\$ 351,050	\$ 6,505	\$ —	\$ 357,556
APPROPRIATIONS PENDING COMMITMENT (Note li)	108,997	—	—	108,997
DEFERRED CREDITS TO INCOME				
Unredeemed toll tickets, etc.	389,782	93,180	23,510	506,473
ADVANCES FROM RESPECTIVE CAPITAL FUNDS	—	575,000	250,000	825,000
TOTAL LIABILITIES AND OTHER CREDITS	<u>\$3,302,905</u>	<u>\$1,164,756</u>	<u>\$324,520</u>	<u>\$4,792,182</u>

See Notes to Financial Statements.

EXHIBIT C
THE PORT OF NEW YORK AUTHORITY
DEBT RESERVE FUNDS
DETAIL OF ASSETS AND RESERVES, AND ANALYSIS OF RESERVES
December 31, 1948

	General Reserve Fund	Special Reserve Fund	Air Terminals Reserve Fund	Combined
DETAIL OF ASSETS AND RESERVES				
ASSETS				
Cash	\$ 805,697	\$ 16,389	\$ —	\$ 822,087
U. S. Government securities (Exhibit H)	22,539,745	9,277,221	—	31,816,967
The Port of New York Authority bonds (Exhibit H)	—	739,037	—	739,037
Accrued interest receivable	54,456	37,419	—	91,875
TOTAL ASSETS	<u>\$23,399,900</u>	<u>\$10,070,067</u>	<u>\$ —</u>	<u>\$33,469,967</u>
RESERVES				
Balances at December 31, 1948	<u>\$23,399,900</u>	<u>\$10,070,067</u>	<u>\$ —</u>	<u>\$33,469,967</u>
ANALYSIS OF RESERVES				
Balances at January 1, 1948	\$21,573,500	\$10,871,733	\$27,675	\$32,472,908
Add:				
Income from investments	264,938	100,371	214	365,524
Transfer of Net Revenues from General and Refunding bond facilities for the year	9,312,494	5,897,511	—	15,210,005
	<u>\$31,150,932</u>	<u>\$16,869,616</u>	<u>\$27,889</u>	<u>\$48,048,438</u>
Deduct appropriations for:				
Interest on funded debt:				
General Reserve Fund Notes, Series K	10,136	—	—	10,136
Rehousing Accommodation Notes	1,250	—	—	1,250
Central Garage Notes	2,247	—	—	2,247
Transfer to Capital Accounts to cover deficits:				
Excess of expenditures for Union Motor Truck Terminals over proceeds of Terminal Bonds, Series J	537,961	—	—	537,961
Redemptions of serial notes, etc.:				
Terminal Notes, Series M	1,090,000	—	—	1,090,000
General Reserve Fund Notes, Series K	2,703,000	—	—	2,703,000
Rehousing Accommodation Notes	500,000	—	—	500,000
Central Garage Notes	200,000	—	—	200,000
Transfers to Sinking Fund Reserves for retirements in anticipation of future requirements (as shown in Exhibit E)	1,969,505	—	—	1,969,505
Retirements in excess of proceeds from bonds sold on refunding:				
Seventh Series	—	6,799,548	—	6,799,548
Transfers to Operating Accounts to cover deficits of facilities operated under leases:				
Air Terminals	704,184	—	27,889	732,073
Marine Terminal	32,748	—	—	32,748
	<u>\$ 7,751,032</u>	<u>\$ 6,799,548</u>	<u>\$27,889</u>	<u>\$14,578,470</u>
Balances at December 31, 1948	<u>\$23,399,900</u>	<u>\$10,070,067</u>	<u>\$ —</u>	<u>\$33,469,967</u>

See Notes to Financial Statements.

EXHIBIT D
THE PORT OF NEW YORK AUTHORITY
OPERATING RESERVE FUNDS
DETAILS OF ASSETS, LIABILITIES AND RESERVES, AND ANALYSIS OF RESERVES
December 31, 1948

	Employees' Retirement Fund (Note 1e)	Insurance Fund (Note 1f)	Combined
DETAIL OF ASSETS AND LIABILITIES			
ASSETS			
Cash	\$ 10,514	\$ 26,591	\$ 37,106
U. S. Government securities (Exhibit H)	2,076,405	2,125,587	4,201,992
The Port of New York Authority bonds (Exhibit H)	1,475,690	—	1,475,690
Accrued interest receivable	8,048	6,578	14,626
TOTAL ASSETS	\$3,570,658	\$2,158,756	\$5,729,415
LIABILITIES AND RESERVES			
Reserves—balances at December 31, 1948	\$3,570,658	\$2,158,243	\$5,728,902
Claims payable	—	512	512
TOTAL LIABILITIES AND RESERVES	\$3,570,658	\$2,158,756	\$5,729,415

ANALYSIS OF RESERVES			
Balances at January 1, 1948	\$3,661,843	\$2,176,221	\$5,838,064
Add:			
Income from investments	62,194	25,116	87,310
	<u>\$3,724,037</u>	<u>\$2,201,337</u>	<u>\$5,925,374</u>
Deduct:			
Payment to New York State Employees' Retirement System applicable to the year ended March 31, 1947	136,684	—	136,684
Payments to retired employees of special monthly allowances	16,694	—	16,694
Claims entered and awards made in connection with self-insured risks....	—	43,093	43,093
Total deductions from reserves for the year	<u>\$ 153,378</u>	<u>\$ 43,093</u>	<u>\$ 196,472</u>
Balances at December 31, 1948	<u>\$3,570,658</u>	<u>\$2,158,243</u>	<u>\$5,728,902</u>

See Notes to Financial Statements.

EXHIBIT E
THE PORT OF NEW YORK AUTHORITY
CHANGES IN SINKING FUND RESERVES
Year ended December 31, 1948

	Fourth Series	Fifth Series	Seventh Series	Other Series*	Total
Balances at January 1, 1948	\$1,323,591	\$ 854,648	\$ —	\$ —	\$2,178,240
Add:					
Income from investments	7,843	419	—	—	8,262
Obligatory payments to Sinking Funds:					
From Revenues	1,665,495	881,603	319,014	—	2,866,114
Appropriations for retirement in anticipation of future requirements:					
From General Reserve				1,969,505	1,969,505
Adjustment of cost to redemption price**				311,095	311,095
	<u>\$2,996,930</u>	<u>\$1,736,671</u>	<u>\$319,014</u>	<u>\$2,280,600</u>	<u>\$7,333,217</u>
Deduct:					
Payments made from Sinking Funds for redemption of General and Refunding Bonds:					
Principal amount of bonds redeemed	1,296,000	829,000	309,000	—	2,434,000
Premium on bonds	25,920	24,870	10,014	—	60,804
Retirements in anticipation of future Sinking Fund requirements:					
General and Refunding Bonds:					
Eighth Series:					
Principal amount of bonds redeemed				1,314,000	1,314,000
Call premium thereon				39,420	39,420
Ninth Series:					
Principal amount of bonds redeemed				386,000	386,000
Call premium thereon				3,860	3,860
Eleventh Series:					
Principal amount of bonds redeemed				417,000	417,000
Call premium thereon				4,170	4,170
Terminal Bonds, Series J:					
Principal amount of bonds redeemed				115,000	115,000
Call premium thereon				1,150	1,150
Total Debt Retired through Sinking Funds.....	<u>\$1,321,920</u>	<u>\$ 853,870</u>	<u>\$319,014</u>	<u>\$2,280,600</u>	<u>\$4,775,404</u>
Balances at December 31, 1948	<u>\$1,675,010</u>	<u>\$ 882,801</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,557,812</u>

* Covers Series as shown on which Sinking Fund payments are not yet obligatory.

** Represents the increase from cost to an amount equal to the redemption price applicable if such bonds were called at the next ensuing redemption date, made in order to conform with the requirements of Resolutions dated March 18, 1935 and August 30, 1945.

EXHIBIT F
THE PORT OF NEW YORK AUTHORITY
CHANGES IN EQUITY ACCOUNTS
Year ended December 31, 1948

	Debt Retired through Income	Contributed by Federal and State Agencies in Aid of Construction	Appropriated Reserves Invested in Facilities	Appropriated Reserves to be Invested in Facilities	Less Cost of Refunding and Consolidating Debt (Note 1h)	Total
Balances at January 1, 1948	\$70,496,816	\$10,860,411	\$3,431,885	\$721,148	\$14,602,540	\$70,907,721
Add:						
Reserves applied to retirement of debt:						
Sinking Fund Reserves:						
General and Refunding Bonds:						
Fourth Series	1,296,000					1,296,000
Fifth Series	829,000					829,000
Seventh Series	309,744					309,744
Eighth Series	1,314,000					1,314,000
Ninth Series	386,000					386,000
Eleventh Series	417,000					417,000
Terminal Bonds, Series J	115,000					115,000
General Reserve:						
Terminal Bonds, Series M	1,090,000					1,090,000
General Reserve Fund Notes, Series K ..	2,703,000					2,703,000
Rehousing Accommodation Notes	500,000					500,000
Central Garage Notes	200,000					200,000
Special Reserve:						
General and Refunding Bonds, Seventh Series	6,799,548					6,799,548
Appropriation of General Reserve for excess of expenditures for Union Motor Truck Terminals over proceeds of Terminal Bonds, Series J			537,961			537,961
Premium paid and other expenses (less income earned) of refunding and retiring General and Refunding Bonds, Seventh Series					423,293	(423,293)
Expenditures for construction made from appropriated reserves, transferred			367,319	(367,319)		—
Balances at December 31, 1948	\$86,456,110	\$10,860,411	\$4,337,166	\$353,829	\$15,025,833	\$86,981,683

See Notes to Financial Statements.

EXHIBIT G
THE PORT OF NEW YORK AUTHORITY
DETAILS OF NET REVENUES—OPERATING ACCOUNTS
Year ended December 31, 1948

	General Operating Accounts	Air Terminals Operating Accounts	Marine Terminal Operating Accounts	Combined
GROSS OPERATING REVENUES:				
Facilities related to General and Refunding Bonds	\$29,188,773	\$ —	\$ —	\$29,188,773
Facilities operated under leases	—	2,463,426	278,128	2,741,555
	\$29,188,773	\$2,463,426	\$278,128	\$31,930,328
OPERATING EXPENSES: (Note li)				
Facilities related to General and Refunding Bonds	8,461,827	—	—	8,461,827
Facilities operated under leases	—	3,195,500	310,877	3,506,378
	\$ 8,461,827	\$3,195,500	\$310,877	\$11,968,205
Net Operating Revenues	\$20,726,946	(\$ 732,073)	(\$ 32,748)	\$19,962,123
OTHER INCOME:				
Interest on investments less amortization of purchase premiums, etc.	624,743	—	—	624,743
	\$21,351,690	(\$ 732,073)	(\$ 32,748)	\$20,586,867
OTHER DEDUCTIONS:				
Interest on funded debt	4,633,993	—	—	4,633,993
Obligatory payments to sinking funds	2,866,114	—	—	2,866,114
	\$ 7,500,107	—	—	\$ 7,500,107
Elimination of net income from investments accruing in Debt Reserve Funds (included in Other Income above)	365,524	—	—	365,524
	\$ 7,865,631	—	—	\$ 7,865,631
Credit resulting from elimination of Restoration and Improvement Reserve (Note lg)	1,723,947	—	—	1,723,947
Net Revenues and Net Deficits (as below)	\$15,210,005	(\$ 732,073)	(\$ 32,748)	\$14,445,183
NET REVENUES OF FACILITIES RELATED TO GENERAL AND REFUNDING BONDS AVAILABLE FOR APPROPRIATIONS IN ACCORDANCE WITH STATUTORY REQUIREMENTS AND AGREEMENTS WITH BONDHOLDERS	\$15,210,005	\$ —	\$ —	\$15,210,005
NET DEFICITS OF FACILITIES OPERATED UNDER LEASES CHARGEABLE TO RESERVES	—	(732,073)	(32,748)	(764,822)
DISPOSITION OF NET REVENUES AS REQUIRED BY RESOLUTIONS OF THE COMMISSIONERS:				
To General Reserve—to bring total amount to 10% of funded debt	\$ 9,312,494	\$ —	\$ —	\$ 9,312,494
To Special Reserve	5,897,511	—	—	5,897,511
NET DEFICITS COVERED BY APPROPRIATIONS FROM:				
Air Terminals Reserve	—	(27,889)	—	(27,889)
General Reserve	—	(704,184)	(32,748)	(736,933)
	\$15,210,005	(\$ 732,073)	(\$ 32,748)	\$14,445,183

See Notes to Financial Statements.
() indicate red figures.

EXHIBIT H
THE PORT OF NEW YORK AUTHORITY
INVESTMENTS IN SECURITIES
December 31, 1948

	Principal Amount	Cost (A)	Quoted Market Value
U. S. GOVERNMENT SECURITIES			
ASSETS HELD FOR ADDITIONAL CONSTRUCTION, ETC.			
GENERAL CAPITAL ACCOUNTS			
U. S. Treasury Certificates of Indebtedness, 1½%, due June 1, 1949	\$ 2,600,000	\$ 2,601,226	\$ 2,599,441
U. S. Treasury Notes, 1¾%, due April 1, 1950	15,300,000	15,300,000	15,313,892
U. S. Treasury Bonds, 1½%, due December 15, 1950	6,500,000	6,535,861	6,516,250
U. S. Treasury Bonds, 2%, due September 15, 1953-51	3,000,000	3,033,446	3,037,500
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56	525,000	534,408	537,140
	<u>\$27,925,000</u>	<u>\$28,004,942</u>	<u>\$28,004,224</u>
AIR TERMINALS CAPITAL ACCOUNTS			
U. S. Treasury Certificates of Indebtedness, 1½%, due June 1, 1949	\$11,900,000	\$11,901,052	\$11,897,441
U. S. Treasury Certificates of Indebtedness, 1½%, due July 1, 1949	1,000,000	1,000,123	999,698
U. S. Treasury Notes, 1¾%, due April 1, 1950	1,050,000	1,050,610	1,050,953
	<u>\$13,950,000</u>	<u>\$13,951,786</u>	<u>\$13,948,092</u>
MARINE TERMINAL CAPITAL ACCOUNTS			
U. S. Treasury Certificates of Indebtedness, 1½%, due June 1, 1949	\$ 200,000	\$ 200,016	\$ 199,957
U. S. Treasury Notes, 1¾%, due April 1, 1950	4,000,000	4,003,793	4,003,632
	<u>\$ 4,200,000</u>	<u>\$ 4,203,809</u>	<u>\$ 4,203,589</u>
TOTAL—HELD FOR ADDITIONAL CONSTRUCTION, ETC.	<u>\$46,075,000</u>	<u>\$46,160,539</u>	<u>\$46,155,905</u>
OPERATING FUND ASSETS			
GENERAL OPERATING ACCOUNTS			
U. S. Treasury Certificates of Indebtedness, 1½%, due January 1, 1949	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
U. S. Treasury Notes, 1¾%, due April 1, 1950	150,000	150,000	150,136
U. S. Treasury Bonds, 2½%, due June 15, 1972-67	654,000	662,672	657,065
	<u>\$ 2,104,000</u>	<u>\$ 2,112,672</u>	<u>\$ 2,107,201</u>
AIR TERMINALS OPERATING ACCOUNTS			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56	\$ 536,000	\$ 545,605	\$ 548,395
MARINE TERMINAL OPERATING ACCOUNTS			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56	\$ 31,000	\$ 31,555	\$ 31,716
TOTAL—OPERATING FUNDS	<u>\$ 2,671,000</u>	<u>\$ 2,689,833</u>	<u>\$ 2,687,313</u>

EXHIBIT H—Continued
THE PORT OF NEW YORK AUTHORITY
INVESTMENTS IN SECURITIES—Continued
December 31, 1948

	Principal Amount	Cost (A)	Quoted Market Value
U. S. GOVERNMENT SECURITIES—CONTINUED			
DEBT RESERVE FUND ASSETS			
GENERAL RESERVE FUND			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56	\$ 2,608,000	\$ 2,654,737	\$ 2,668,310
U. S. Treasury Bonds, 2¼%, due June 15, 1962-59	2,875,000	2,896,801	2,879,492
U. S. Treasury Bonds, 2½%, due December 15, 1968-63	1,478,000	1,523,928	1,499,708
U. S. Treasury Bonds, 2½%, due June 15, 1969-64	14,653,000	14,737,632	14,808,688
U. S. Treasury Bonds, 2½%, due December 15, 1969-64	725,000	726,646	732,250
	<u>\$22,339,000</u>	<u>\$22,539,745</u>	<u>\$22,588,448</u>
SPECIAL RESERVE FUND			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56	\$ 4,500,000	\$ 4,587,409	\$ 4,604,062
U. S. Treasury Bonds, 2¼%, due June 15, 1962-59	525,000	531,108	525,820
U. S. Treasury Bonds, 2½%, due December 15, 1968-63	3,837,000	3,954,068	3,893,355
U. S. Treasury Bonds, 2½%, due June 15, 1969-64	97,000	97,229	98,030
U. S. Treasury Bonds, 2½%, due June 15, 1972-67	106,000	107,405	106,496
	<u>\$ 9,065,000</u>	<u>\$ 9,277,221</u>	<u>\$ 9,227,766</u>
TOTAL—DEBT RESERVE FUNDS	<u>\$31,404,000</u>	<u>\$31,816,967</u>	<u>\$31,816,214</u>
OPERATING RESERVE FUND ASSETS			
EMPLOYEES' RETIREMENT FUND			
U. S. Treasury Bonds, 2½%, due December 15, 1968-63	\$ 1,435,000	\$ 1,483,892	\$ 1,456,076
U. S. Treasury Bonds, 2½%, due June 15, 1972-67	190,000	192,512	190,890
U. S. Savings Bonds, Series G, 2½%, due June 1, 1957	100,000	100,000	94,800
U. S. Savings Bonds, Series G, 2½%, due March 1, 1958	100,000	100,000	95,600
U. S. Treasury Savings Bonds, Series G, 2½%, due January 1, 1959	100,000	100,000	96,900
U. S. Treasury Savings Bonds, Series G, 2½%, due June 1, 1960	100,000	100,000	98,800
	<u>\$ 2,025,000</u>	<u>\$ 2,076,405</u>	<u>\$ 2,033,067</u>

EXHIBIT H—Continued
THE PORT OF NEW YORK AUTHORITY
INVESTMENTS IN SECURITIES—Continued

December 31, 1948

	Principal Amount	Cost (A)	Quoted Market Value
U. S. GOVERNMENT SECURITIES—CONTINUED			
OPERATING RESERVE FUND ASSETS—CONTINUED			
INSURANCE FUND			
U. S. Treasury Bonds, 2¼%, due September 15, 1959-56	\$ 800,000	\$ 813,415	\$ 818,500
U. S. Treasury Bonds, 2½%, due December 15, 1969-64	50,000	50,240	50,500
U. S. Treasury Bonds, 2½%, due June 15, 1972-67	1,225,000	1,261,930	1,230,742
	<u>\$ 2,075,000</u>	<u>\$ 2,125,587</u>	<u>\$ 2,099,742</u>
TOTAL—OPERATING RESERVE FUNDS	<u>\$ 4,100,000</u>	<u>\$ 4,201,992</u>	<u>\$ 4,132,809</u>
SINKING FUND ASSETS			
U. S. Treasury 90-Day Discount Bills, due January 20, 1949	\$ 850,000	\$ 849,473	\$ 849,534
U. S. Treasury Certificates of Indebtedness, 1⅞%, due January 1, 1949	60,000	60,000	60,000
	<u>\$ 910,000</u>	<u>\$ 909,473</u>	<u>\$ 909,534</u>
DEPOSITARY FUND ASSETS			
U. S. Treasury Certificates of Indebtedness, 1⅞%, due January 1, 1949	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>
THE PORT OF NEW YORK AUTHORITY BONDS			
DEBT RESERVE FUND ASSETS			
SPECIAL RESERVE FUND			
Marine Terminal Bonds, First Series, 2½%, due November 1, 1978	\$ 765,000	\$ 739,037	\$ 738,225
	<u>\$ 765,000</u>	<u>\$ 739,037</u>	<u>\$ 738,225</u>
OPERATING RESERVE FUND ASSETS			
EMPLOYEES' RETIREMENT FUND			
General and Refunding Bonds, Fourth Series, 3%, due December 15, 1976	\$ 1,266,000	\$ 1,291,320	\$ 1,310,310
General and Refunding Bonds, Fifth Series, 3¾%, due August 15, 1977	179,000	184,370	187,055
	<u>\$ 1,445,000</u>	<u>\$ 1,475,690</u>	<u>\$ 1,497,365</u>

(A) Cost less amortization to date, of purchase premiums or discount.

EXHIBIT I
THE PORT OF NEW YORK AUTHORITY

FUNDED DEBT

December 31, 1948

		Amount Authorized and Outstanding December 31, 1948
GENERAL CAPITAL ACCOUNTS		
GENERAL AND REFUNDING BONDS		
Fourth Series, 3% due 1976 (A)	\$70,363,000	
Fifth Series, 3¾% due 1977 (A)	40,247,000	
Eighth Series, 2% due 1974 (B)	24,642,000	
Ninth Series, 1½% due 1985 (B)	10,705,000	
Eleventh Series, 1¾% due 1986 (B)	15,239,000	
Thirteenth Series, 1.4% due \$1,500,000 annually to July 15, 1953 (A)	7,500,000	\$168,696,000
TERMINAL BONDS		
Terminal Bonds, Series J, 1¾%, due 1985 (B)-(C)	\$ 6,943,000	
Terminal Bonds, Series M, 1½%, due \$1,090,000 annually to June 15, 1962 (A)	15,260,000	22,203,000
NOTES		
General Reserve Fund Notes, Series P, 1½%, due \$3,000,000 on November 1, 1950 and on November 1, 1951		6,000,000
Total General Capital Accounts		<u>\$196,899,000</u>
AIR TERMINALS CAPITAL ACCOUNTS		
AIR TERMINAL BONDS		
First Series, 3%, due 1978 (B)		\$ 30,000,000
NOTES		
Teterboro Air Terminal Notes, 1¾%, due August 24, 1949 (A)		100,000
Total Air Terminals Capital Accounts		<u>\$ 30,100,000</u>
MARINE TERMINAL CAPITAL ACCOUNTS		
MARINE TERMINAL BONDS		
First Series, 2½%, due 1978 (B)		\$ 7,000,000
Total Marine Terminal Capital Accounts		<u>\$ 7,000,000</u>
TOTAL		<u><u>\$233,999,000</u></u>

EXHIBIT I—Continued

NOTES TO EXHIBIT I

(A) Payments into sinking funds and serial maturity payments to be made within one year from December 31, 1948 are as follows:

General and Refunding Bonds:	
Fourth Series	\$1,722,930
Fifth Series	911,263
Thirteenth Series	1,500,000
Terminal Bonds:	
Series M	1,090,000
Notes:	
Teterboro Air Terminal Notes	100,000
	<u>\$5,324,193</u>

(B) Payments into sinking funds are not required until 1950 for the Eighth Series; 1953 for the Ninth Series; 1958 for the Eleventh Series; 1951 for Series J; 1958 for the Air Terminal Bonds, First Series; and 1953 for the Marine Terminal Bonds, First Series.

(C) During 1945 the Authority established its General and Refunding Bonds, Tenth Series, 1¼%, due 1985 which are to be issued in exchange for its Terminal Bonds, Series J, 1¼% due 1985, in accordance with the agreement with the holders of these bonds. On December 31, 1948, there was on deposit with the Trustee \$7,500,000, principal amount of these Tenth Series Bonds.

(D) Bonds and Notes issued during year:

- a. On February 6, 1948 \$200,000 was borrowed from The National City Bank of New York, with interest at 1¼%, due \$40,000 annually February 6, 1949 to February 6, 1953. The loan was obtained to cover the cost of the Port Authority Central Garage. The loan was repaid on December 31, 1948 from the General Reserve Fund.
- b. On March 22, 1948 \$1,500,000 principal amount of Series M Air Terminal Notes, and \$1,500,000 principal amount of Series N Marine Terminal Notes, (out of an authorized \$3,500,000) were issued and the proceeds allocated to operation, maintenance and capital improvements for Newark Air Terminal and Newark Marine Terminal, respectively. The notes were due September 22, 1948 with interest at 1¼%. The Series M Air Terminal Notes were refunded in July out of the proceeds of First Series Air Terminal Bonds. The Series N Marine Terminal Notes were extended to December 22, 1948 with interest at 1¼% and an additional \$500,000 principal amount of notes were issued. The total principal amount of \$2,000,000 was refunded in December, 1948 out of the proceeds of First Series Marine Terminal Bonds.
- c. From June through November, 1948 loans totalling \$500,000 were obtained from The National City Bank of New York, as part of an authorized loan of \$1,000,000 to cover the cost of rehousing former tenants of the Port Authority Bus Terminal site and its approaches. Interest was at 1¼%; the loan was due June 29, 1949, but the Authority elected to repay the loans in full on December 31, 1948 from the General Reserve Fund.
- d. In July, 1948 \$7,500,000 principal amount of General and Refunding Bonds, Thirteenth Series were sold, bearing interest at the rate of 1.4% with serial maturities of \$1,500,000 on July 15, 1949 and each July 15 thereafter to July 15, 1953. The proceeds were used to retire General and Refunding Bonds Seventh Series, 2¾%, due 1973.
- e. In July, 1948 the first installment of the First Series of Air Terminal Bonds was authorized in the amount of \$60,000,000, due June 15, 1978, with interest at 3%. Of the amount authorized, \$30,000,000 was issued and the proceeds allocated to:

Refund Air Terminal Notes, Series L	\$10,000,000
Refund Air Terminal Notes, Series M	1,500,000
Capital improvements to New York Air Terminals	15,000,000
Capital improvements to Newark Air Terminal	3,500,000
	<u>\$30,000,000</u>

f. In August, 1948, the Authority entered into a contract to purchase Teterboro Air Terminal, Teterboro, New Jersey. Title is expected to be acquired on or before April 1, 1949. A loan of \$100,000 was obtained from The National City Bank of New York, due August 24, 1949, with interest at 1¼%, to make the down payment on the Air Terminal. As a further part of the purchase price of about \$3,115,000, the Authority has agreed to deliver approximately \$2,000,000 of Air Terminal Bonds of the First Series, due 1978.

g. In November, 1948, \$6,000,000 principal amount of General Reserve Fund Notes, Series P, were sold, and the proceeds allocated for completion of the Union Motor Truck Terminals. Interest is at 1½%, and principal becomes due in two payments of \$3,000,000 each on November 1, 1950 and November 1, 1951.

h. In November, 1948, the first installment of the First Series of Marine Terminal Bonds was authorized and issued in the amount of \$7,000,000, due November 1, 1978, with interest at 2½%. The proceeds were allocated to:

Refund Marine Terminal Notes, Series N	\$2,000,000
Capital improvements to Newark Marine Terminal	5,000,000
	<u>\$7,000,000</u>

EXHIBIT J
THE PORT OF NEW YORK AUTHORITY
ALLOCATION OF ASSETS HELD FOR ADDITIONAL CONSTRUCTION

December 31, 1948

Project	Total Assets	Liabilities Recorded	Deduct			Net Assets Held for Additional Construction
			Commitments	Appropriations Pending Commitment	Total	
a. Extension of Lincoln Tunnel East Approach	\$ 1,318,657	\$ 462	\$ —	\$ —	\$ 462	\$ 1,318,195
b. Construction of Union Motor Truck Terminals	6,181,192	252,748	6,689,625	—	6,942,373	(761,181) (1)
c. Construction of Holland Tunnel Viaduct	1,872,724	58,330	685,695	801,000	1,545,025	327,699
d. Capital improvements to the Grain Terminal	114,541	3,336	—	—	3,336	111,204
e. Construction of the 179th Street Tunnel, George Washington Bridge	7,297,542	804	—	—	804	7,296,738
f. Construction of the Port Authority Bus Terminal	11,132,387	16,292	—	—	16,292	11,116,095
g. Purchase of building and equipment for Central Garage	27,673	229	3,107	40,448	43,785	(16,112) (1)
h. Relocation of tenants at Bus Terminal properties	141,869	130,595	182,720	—	313,315	(171,445) (1)
i. Net proceeds from sale of miscellaneous property and equipment, and appropriated income not allocated	268,262	6,967	25,997	—	32,964	235,297
	<u>\$28,354,852</u>	<u>\$ 469,766</u>	<u>\$ 7,587,144</u>	<u>\$ 841,448</u>	<u>\$ 8,898,360</u>	<u>\$19,456,491</u>
Rehabilitation and development of:						
j. New York Air Terminals	10,330,544	1,227,383	3,841,075	3,425,555	8,494,014	1,836,529
k. Newark Air Terminal	4,404,718	45,852	85,512	171,488	302,853	4,101,864
	<u>\$14,735,262</u>	<u>\$1,273,235</u>	<u>\$ 3,926,588</u>	<u>\$3,597,044</u>	<u>\$ 8,796,868</u>	<u>\$ 5,938,394</u>
l. Newark Marine Terminal	\$ 4,497,380	\$ 145,450	\$ 1,097,843	\$ 33,932	\$ 1,277,225	\$ 3,220,155
TOTAL (as shown in Exhibit A)....	<u>\$47,587,495</u>	<u>\$1,888,453</u>	<u>\$12,611,576</u>	<u>\$4,472,424</u>	<u>\$18,972,454</u>	<u>\$28,615,040</u>

(1) Deficits to be covered by appropriations from reserves.

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